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NEWS SUMMARY

GENERAL BUSINESS

Syria tries for Beirut peace

Bomb blasts and running gunbattles throughout Beirut brought Lebanon its worst fighting since the 1955 civil war. In the sixth day in the current state of strife between Right- and Left-wingers, 35 were killed and 200 wounded, bringing the week's toll to 90 dead and 350 injured.

Measure of the seriousness of the situation was the impending arrival of Syrian Foreign Minister, Abdel Halim Khaddam, in mediation efforts and the Iraqi call for an Arab League emergency meeting. But President Frangieh decided against bringing in the army and settled for a state of emergency.

Meanwhile, Israel faced a crucial week of decision in the face of a virtual U.S. ultimatum to give up the Giddi and Mitla passes in Sinai to get an interim agreement with Egypt, Page 8

Ennals and Smith talk

A secure future for all Rhodesians, familiar enough British aim in the prolonged settlement dialogue, was restated by Foreign Office Minister of State David Ennals when he arrived in Salisbury.

Saying he had come to listen rather than talk, he met Mr. Smith and an ANC delegation including Mr. Nkomo. Back Page

Exodus from Uganda likely

A considerable exodus of Britons from Uganda is expected within the next few days, writes John Worrall from Nairobi. Britain's acting High Commissioner in Kampala has made contingency plans for an airlift.

Yesterday, Kenya's President Kenyatta ordered release of the civil road transporters carrying arms for Uganda and these are now on their way. Uganda's High Commissioner in London was recalled at the weekend. Page 8

Students freed

Last of the four students kidnapped by Zaire's Marxist dissidents from Tanzania nearly six weeks ago is expected to be released in a few days. Last two of the three women originally held were freed over the weekend.

Carrie Hunter and Emille Bergman said on arrival in Dar es Salaam that release terms would not be revealed until Kenneth Smith is freed.

Peron rebuff

Argentina's President Estela Peron seemed determined on a headlong clash with the country's labour force as she refused to ratify the General Confederation's new wage rise agreements of more than 100 per cent.

Labour's response to this unprecedented Peronist rebuff will be decided today, it is expected, by a general strike which might topple the regime. Page 8

Battles in Burma

Burmese government troops killed more than 120 Communist insurgents in a six-day battle in eastern Burma on the Chinese border. Rangoon officials said, disclosing for the first time a fresh flare-up in the region.

People, places

South Bradford MP Tom Torney wants urgent action over claims that many hair dyes may contain chemicals suspected of causing cancer.

And West Gloucestershire's MP John Watkinson is to urge training periods for judges before they sit on the bench.

hips in Port Said put to sea as huge warehouse fire threatened to port over the weekend, making workers are suspected of starting it.

50,000 Premium Bond winner (2PF 822268) lives in St. Helen's, Lanc. to qualify, but sole cure of beer drinkers whose summer hits bring on hay fever is - give up, advises a leading allergist. Page 10

Food bill reaches £3.46 a week

WEEKLY food bill for the average British family rose to a record £3.46 per person in the first quarter of this year. This is 64 per cent. more than in the final quarter of 1974, and nearly 19 per cent. higher than a year ago. Back Page

The figures, from the Ministry of Agriculture, coincide with the latest FT Grocery Prices Index. The FT "shopping basket" cost £2.20 per cent. more than last month, and was 30 per cent. dearer than at this stage last year. Page 9

TEN PER CENT wage increases would reduce inflation to 10 per cent. inside a year, but would produce a temporary nine per cent. cut in living standards, according to stockbrokers Phillips and Drew. Back Page

JAPAN may be asked to restrict car exports to the U.S. according to Government sources. On Friday, the U.S. Treasury announced plans to investigate whether imported vehicles had been "dumped" on the U.S. home market.

FORD is expected to restart excluding delivery charges from its listed prices for cars, after ten years, making its prices directly comparable with other manufacturers.

Chrysler has followed Friday's move by Vauxhall and raised its average prices by 5.5 per cent. Page 7

U.S. second gold auction to-day

U.S. TREASURY is to hold its second public gold auction today. Some 300,000 ounces of the metal will be on offer. Page 8

NATIONAL CARRIERS

is devising a new "door to door" parcel service between Britain and the Continent to be operative in the autumn. Page 7

NATIONAL SAVINGS "inflation-proof"

Save-As-You-Earn scheme, for monthly investments of between £4 and £20, comes into being to-morrow. Repayments are tied to the Retail Prices Index. Page 7

PROCTER AND GAMBLE'S

Japanese subsidiary has taken a 90-day option on the principal toilet soap assets of Mitsuwa. Page 30

ITV blackout lifted for talks

THREATENED blackout of ITV was lifted last night to allow fresh talks on a 25 per cent. pay claim by the Association of Broadcasting and Allied Staffs. Page 6

COMPAGNIE FRANCAISE des Petroles

France's largest oil group, has reported sharply lower sales for the first quarter of the current year and is not expecting any substantial upturn until at least the third quarter. Page 29

ARRANGEMENTS have been completed for the placing of 500,000 Ordinary 25p shares in Walter Lawrence at 55p a share. Page 28

DUNFORD AND ELLIOTT

taxable profits for the 26 weeks ended March 29 were £1.2m, but the chairman warns that a significant reduction in group profits cannot be avoided in the second half. Page 28

BERKELEY HAMBRO,

a partner with Bishopsgate Property and General Investments in B and C Property (Europe) is taking a five year option to buy into the company's half share in B and C for £1.45m. Page 28

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Wage curb will cut price rises in six months-Jack Jones

BY LORELIES OLSLAGER IN BLACKPOOL

Trade union wage restraint along the lines now being discussed in the TUC should begin to show an effect on prices within six months after coming into operation, Mr. Jack Jones, general secretary of the Transport and General Workers Union, said last night.

On the eve of his union's policy-making conference in Blackpool, where the Left-wing is preparing a determined attack on the social contract and any other form of pay restraint, Mr. Jones made a rousing appeal for support.

Britain was in a time of crisis and the trade union movement had to make a "supreme effort" to avoid the possibility of a statutory wage policy or massive cuts in public spending, both of which would hit the working classes much harder than voluntary restraint.

If prices were not held back, Mr. Jones held out little hope for moderation on the wage front for more than a year.

The TGWU leader, who has been the prime mover of a revamped social contract to beat inflation, stressed the wage restraint must on no account lead to reduced standards of living for people on small incomes, such as the lower paid and old-age pensioners.

People on high incomes, on the other hand, ought to volunteer to accept a cut in their incomes to ensure what he described as "equality of sacrifice."

Mr. Jones suggested that the unions' £30 target for the minimum weekly wage should be revised upwards at the TUC's next annual congress in September. Just to keep up with inflation, the target ought to be £35 by then, he added.

Although Mr. Jones would not be drawn on what the flat rate

rise might be, his minimum wage proposal points to an £8 rate—which would be midway between the £6 implied by the Government's 10 per cent. pay rise target and the £10 maximum popular with many unions.

He called for a further increase in old-age pensions early next year to bring them up to 50 per cent. of average weekly earnings for a married couple and to 30 per cent. for a single person—£25 and £17 a week respectively.

Thereafter, pensions ought to be adjusted every quarter to keep them in line with the cost of living.

The hoped-for policy of wage restraint, the brunt of which ought to be borne by middle and high-income earners, must be accompanied by strict price restraints and measures to keep down unemployment, Mr. Jones added.

He called for a 12-month freeze on prices of food and clothes, rents and public transport fares.

The mechanisms for controlling other prices had already existed but had to be tightened so that British society was seen to be moving away from a "free for all" to a "fair-for-all" policy.

Interviewed later on ITN News at Ten, Mr. Jones said that if companies were put into financial difficulty because of strict price controls, the Government should make use of the proposed employment subsidies in order to safeguard jobs.

EEC plan for united aircraft industry

BY REGINALD DALE

BRUSSELS, June 29.

THE EEC Commission is studying ambitious plans under which the nine member States would be called on to place their aircraft industries under a single central authority. This would be along the same lines as the "Schumann Plan" for coal and steel that led to the founding of the European Coal and Steel Community in the early 1950s.

The proposal, the brainchild of Sir Altiero Spinelli, the Commissioner for Industry, is not yet official Commission policy, and would have to be approved by the nine governments. But Sir Spinelli is hoping that a decision on the plan could be taken by heads of government at the EEC summit due to be held in Italy this autumn.

National aid

Management of the aircraft industry would be handed over to the Commission, or a Commission sub-agency, which would also be responsible for disbursing Community financial aid.

Community aid would largely replace the Nine's national aid programmes (currently running at over \$400m. a year for civil aircraft alone), which Sir Spinelli feels lead to duplication and a massive wastage of public money.

For military aircraft, the plan calls for the creation of a joint European supply agency which would assess the Nine's future needs and plan joint aircraft development projects.

The agency would decide how far the Nine should purchase existing European aircraft—such as the Mirage F-1, the MRCA and the Jaguar—and negotiate a series of agreements with the U.S. under which the Americans would buy European equipment in exchange for European purchases of American aircraft.

The Nine should establish a "gentle" European market for civil aircraft and bring air transport under Rome Treaty rules, as to establish a single European air transport policy. The aim should be to create a unified European aerospace industry in which competition would operate much more freely, as in the U.S. internal European services would be rationalised and the Community would negotiate landing rights with other countries as a single unit.

New ventures

The Commission would draw up a joint programme for civil aircraft construction for the next ten years, based on the most viable existing projects, and a limited number of new ventures. It would also take over the management of sales to countries outside the Community, backed by a system of Community export credits on the lines of those organised by the U.S. Eximbank.

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Mrs. Gandhi holds down dissent

KEVIN RAFFERTY, our Asia Correspondent, flew from India to Bangkok to file this report

MRS. INDIRA GANDHI, India's Prime Minister, has clearly won a ruthless first-round victory in her struggle to stay in power. Flickers and murmurs of dissent have burst out sporadically in various parts of India, but the Prime Minister's security forces have been eased. At the same time, no-one is quite sure what is going on because of the almost blanket censorship of all news, apart from ceaseless government propaganda that all is well.

To date the 1,000 or so arrested can have no recourse to the courts. The Government has closed and sealed the offices of at least four newspapers in Northern India. Armed guards have been placed round the University of Delhi in case of trouble. I understand that the authorities have decided that the universities will not open for two months.

The demonstrations that have taken place have usually been small and isolated. There was violence in Ahmedabad, capital of Gujarat. Shops in Patna, Bihar, closed on Friday as a protest. There was some unrest in Tamil Nadu (Madras) State, and in Haryana. Journalists in Delhi meeting at the Press Club yesterday unanimously passed a resolution calling for the end of censorship and the release of arrested pressmen. The list of at least four editors.

Last night a mysterious fire broke out in the Press Club. Editorial Comment Page 14

Surprise move

Many Congress MPs thought that Mrs. Gandhi ought to be shown more respect for the law and resigned from the Supreme Court. The Supreme Court refused to grant her an absolute stay on her appeal against conviction for corrupt electoral practices.

Rights suspended

MRS. GANDHI yesterday further tightened her grip over her opponents by suspending fundamental rights available to Indian citizens under the Constitution, which has now effectively been put into force.

According to sources in New Delhi the right of seeking redress of any wrong from the courts has been withdrawn. No one can now appeal to the courts to free him if he is arrested, or have any other wrong rectified, particularly if Government authorities are responsible.

Mrs. Gandhi has jailed over 900 of her political opponents, but it was denied in New Delhi that any of them were from the armed forces as reported by Opposition sources.

The Prime Minister has withdrawn fundamental rights to Mr. V. C. Shukla, Minister for Planning, and given him the latter's portfolio. This is thought to be due to the publicity Mr. Gujral had been getting for himself over the State-owned All-India Radio.

Her counsel, Mr. N. A. Palkhiwala, the eminent constitutional lawyer who recently appeared on her behalf before the Supreme Court, was yesterday, he resigned. He is thought to have given up his brief in protest against the proclamation of the State of Emergency and the subsequent acts of Mrs. Gandhi.

The Premier's appeal to the Supreme Court against the Allahabad High Court's judgment unseating her from Parliament and barring her from holding elective office for six years comes up for hearing on July 14. Mrs. Gandhi has replaced Mr. I. K. Gujral, her Information and Broadcasting Minister, with drawn fundamental rights to Mr. V. C. Shukla, Minister for Planning, and given him the latter's portfolio. This is thought to be due to the publicity Mr. Gujral had been getting for himself over the State-owned All-India Radio.

urgently required

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LOMBARD

The new style EEC question

BY C. GORDON TETHER

A QUICK run-down of the titles of the addresses to be delivered at next month's "After the Referendum" conference in Dublin will suffice to show that all the big questions about Britain's Europeanisation that were being debated in the run-up to the June 5 vote are destined to remain very much with us.

No less than three of the speakers are taking "Whither the Community?" as their theme and several of the others will be discussing what progress is likely to be seen—or not—under such important headings as economic and monetary union. And as each member country can play a decisive part in determining the pace of the entire process, this means that the argument in this country can be expected to continue in a different form—the question now being how far we should participate in European integration rather than whether we should do so at all.

This being so, quite the most interesting thing that has happened in the EEC sense since our debate entered its new phase is the spectacular Communist successes in the Italian regional and municipal elections. For this radical change in the Italian political scene has a considerable relevance to the question of what attitude we should adopt to the plan to "democratise" the European Community by equipping it with a Parliament—a Parliament that, unlike the present Strasbourg version, will be much more than a mere talking shop.

Played down

Not surprisingly, seeing that it had been more or less totally identified with pro-Marketism in the referendum debate, the British Press has done its best to play down the implications of the onward march of left-wing militancy in Italy for the future of the EEC and our involvement in it. Italian Communists have been portrayed as being altogether more reasonable and malleable than those who are supposed to be forever striving to undermine the capitalist system in other parts of the world, including our own.

Much has also been made of the fact that they profess themselves to be just as enthusiastic about the European Vision and its unification "ideal" as those of other political persuasions in the Common Market. As to the "they are different" theme, the Vatican was quick to point out that: "Modern history teaches us that, as far as Communists are concerned all roads have the same goal—a dictatorship which is said to be of the proletariat but is in fact over the proletariat and everybody else." And if that is a fair exposition of the realities, it is pertinent to ask

whether anti-Communism in other parts of the EEC should regard the Italian Communist belief in European unification as something to enthuse over or worry about.

The Communists have not, of course, yet come into a position to influence the course of EEC political life through participation in the governments of member countries. But it is not inconceivable that they will succeed in doing so before long if the economic climate in Western Europe continues to be as conducive as it evidently is at present to the advance of their ideology.

What is potentially of much greater importance is that they may become a very important element indeed in the European Assembly. And this would be a matter of deep significance for the other members if, in the meantime, Brussels had taken steps to give the Community a more democratic image by doing what it has been talking about for a long time past—handing over a sizeable part of its present powers to a popularly-elected European Parliament.

A warning

We are concerned here with a matter where a mistake, once made, cannot be corrected easily—if at all. A directly elected Community Parliament would obviously not be prepared to go on performing the futile task of trying to persuade the Assembly in Strasbourg. And once Britain had agreed to participate in the formation and operation of a more meaningful Parliament, it would be just as committed as all the other members to go along with its decision.

The Communist successes in Italy have, thus, provided us with a timely warning. It has been widely accepted in this country that the democratisation of the EEC through the introduction of direct elections is manifestly such an unequivocally good thing that no one could possibly object to it. Those, of course, who hold that the important thing is to see the Community fully integrated with whatever banner the majority favour may still logically take this view.

Others may feel that we ought to be in a far better position to determine the answer to that top-favourite conference question—"Whither Europe?" before this country is committed to travel appreciably further towards political unification, by whatever route. And in this connection it should not be forgotten that the carefully nurtured belief that an anti-Marxist common market referendum would precipitate a "left-wing take-over" in this country played a signal part in producing that substantial "yes" majority.

THE WEEK IN THE COURTS

Rape case underlines lack of Crown sentencing role

BY JUSTINIAN

THE PUBLIC furrow over the inappropriateness (or excessive leniency, as some would have it) of the six-months' suspended sentence of imprisonment imposed on the self-confessed double rapist by Judge Christmas Humphreys QC, a judge at the Central Criminal Court, has let loose a spray of tangential issues.

Quite apart from heated discussion over the propriety of current sentences for rape, questions are raised about the independence of the judiciary, the propriety of parliamentary action to remove a judge thought not to be doing his job properly, the intervention of the Lord Chancellor asking for a report and consulting with the Lord Chief Justice about the Courts' policy towards sentencing rapists, and even the role of the prosecution in the sentencing process.

No part

All these issues deserve separate treatment. But it is worth trying to unravel some of the knotty issues that have become entangled in the web of emotional reaction to the rapist's sentence in the criminal calendar.

If one takes the issues in strictly chronological order, the first problem about the sentencing process is that the prosecution takes no part once the jury's verdict is returned, save for calling as a witness the police officer who brought the case simply to tell the Court in general terms about the offender's social background and criminal record, if any. Although, whenever a custodial sentence is a possibility, the Court will be provided with a social inquiry report compiled by a probation officer, the prosecutor cannot advocate, or even indicate what the Crown thinks would be the appropriate sentence.

And where the offender receives a light sentence, that is the end of the matter. The prosecution has no right of appeal against a light sentence, while inevitably a severe sentence will be reviewed by the Court of Appeal at the instance of the offender. Heavy sentences are thus correctable; lenient sentences stand uncorrected.

This is one of the main reasons why the Lord Chancellor has in this instance called for a report from Judge Humphreys. Had the judge been overly severe, the Lord Chancellor could conveniently have left it to the appeal judges to administer any necessary correction. But the Lord Chancellor has to pronounce upon sentencing policy.

The English legal system has always shown a distaste for any involvement of the prosecution in the administration of penal sanctions. But there is a growing feeling among the Bench and the Bar that, with the growing complexities of the art of sentencing, the time has come for some involvement of the Crown

in deciding who should go to prison, and for how long.

Already some judges go some way to achieving this by asking for assistance from prosecutors in providing information about the degree of an offender's involvement in particular criminal activity. This is a subtle way of the court being nudged in one direction rather than another. But the actual reform of allowing prosecutors to advocate a particular sentence is a long way off.

In the meantime our constitutional conventions are pressed into service to fill the gap of prosecution non-involvement. The intervention of the Lord Chancellor looks like an attempt to compromise the independence of the judiciary, particularly since he will not have to do so where sentences are reviewable by the Court of Appeal. And even if, as head of the judiciary, the Lord Chancellor can claim that all he is doing is advising himself how best to ensure the proper system of sentencing of criminal justice, the same cannot be said of the activities of individual members of Parliament.

MPs tend to rush in where the better angels (not necessarily angels by virtue of restraint in public denunciation of judicial conduct) hold back their criticisms, both because the Press rarely provides in its reporting the whole of the relevant information and because judicial independence ought not lightly to appear to be trespassed upon. Some MPs, moreover, are crusaders for a cause; a judge's single case may add grist to that member's mill without necessarily being the proper or suitable subject of individual public agitation about a case of that system.

Public agitation about a case of that system, however, is of course, the well-known adage that there are horses for courses, but judges should be in a convenient position of any of the prejudices that the rest of us suffer from to be able to try all types of cases without distinction. By singling out certain judges for certain cases the system is weighted either for or against an accused according to the basis for the selection. And that should not be left to faceless bureaucrats who are not openly answerable for their actions. And this is particularly so where attitudes to crimes may be reflected in the sentence passed by judges sitting alone and without any participation from the juries.

All this only goes to show how an isolated case has produced a hornet's nest in the administration of criminal justice. It may have the healthy effect of a review of the efficiency and fairness of the system.

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in deciding who should go to prison, and for how long.

Already some judges go some way to achieving this by asking for assistance from prosecutors in providing information about the degree of an offender's involvement in particular criminal activity. This is a subtle way of the court being nudged in one direction rather than another. But the actual reform of allowing prosecutors to advocate a particular sentence is a long way off.

In the meantime our constitutional conventions are pressed into service to fill the gap of prosecution non-involvement. The intervention of the Lord Chancellor looks like an attempt to compromise the independence of the judiciary, particularly since he will not have to do so where sentences are reviewable by the Court of Appeal. And even if, as head of the judiciary, the Lord Chancellor can claim that all he is doing is advising himself how best to ensure the proper system of sentencing of criminal justice, the same cannot be said of the activities of individual members of Parliament.

MPs tend to rush in where the better angels (not necessarily angels by virtue of restraint in public denunciation of judicial conduct) hold back their criticisms, both because the Press rarely provides in its reporting the whole of the relevant information and because judicial independence ought not lightly to appear to be trespassed upon. Some MPs, moreover, are crusaders for a cause; a judge's single case may add grist to that member's mill without necessarily being the proper or suitable subject of individual public agitation about a case of that system.

Public agitation about a case of that system, however, is of course, the well-known adage that there are horses for courses, but judges should be in a convenient position of any of the prejudices that the rest of us suffer from to be able to try all types of cases without distinction. By singling out certain judges for certain cases the system is weighted either for or against an accused according to the basis for the selection. And that should not be left to faceless bureaucrats who are not openly answerable for their actions. And this is particularly so where attitudes to crimes may be reflected in the sentence passed by judges sitting alone and without any participation from the juries.

All this only goes to show how an isolated case has produced a hornet's nest in the administration of criminal justice. It may have the healthy effect of a review of the efficiency and fairness of the system.

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CRICKET

BY TREVOR BAILEY

Looking to Essex for new name on the Honours board



KEITH FLETCHER: Joined by other class batsmen

WITH FOUR titles now available for sharing among the 17 first-class counties, where there is only one to be the County champion, it is obviously far easier to carry off an honour.

At the moment, three clubs have never won any title and, as one of them is Essex, this should be reduced still further, because they are looking, and playing, like champions, top of the John Player league and a well-placed third in the championship itself.

Last week, they thrashed Gloucestershire, who without Procter are short of bite in attack and runs, and on Saturday shot out an anemic Sussex for 84, then put together a breezy 327 for eight, picking up maximum bonus points in the process.

The odds are that Greig's side will also be beaten in under two days. On this showing, it was easy to understand why they are near the bottom of the table in both leagues and diving sharply to their sixth defeat of the season.

Why are my old county doing so well? Undoubtedly they were heavily favoured to encounter such insipid opposition on the green Westfield wicket, but they made the most of their opportunity.

First, there is now some real substance and class in their early batting, whereas in the past they were over-dependent on Fletcher. Hardie is proving a sound opener, and Edmeades, in his benefit year, seems to have cast aside his inhibitions and on Saturday batted with greater freedom and authority than I have ever seen from him.

The South African McEwan has been having a lean spell, but is clearly destined to score heavily in first-class cricket, while the middle order and tail, which contains both Boyce and Turner, have always been formidable and lively.

Most important of all is Gooch, a powerfully-built young stroke-maker who has established himself in the number four spot and has been chosen for the MCC against Australia. I shall be surprised if he is not picked for England well before the age of 25.

He has the ability to score runs off good length bowling, and plenty of time. Although his movements before the ball is bowled are one too many, this is a minor technical fault he should have no difficulty in correcting. He represents the future.

Secondly, the Essex attack is not only sharp, but is unusually well-balanced. The ebullient Boyce, John Lever, back to his best and probably the most economical bowler in one-day cricket, and Turner provide the basis, with additional support available from Edmeades, Fom, or Gooch.

On pitches where the ball will turn, they can call on three good contrasting spinners, Hobbs, East and Acland. This is rather an embarrassment of riches, as it means one of the trio, usually Acland, seldom plays, so that inevitably his bowling suffers from lack of match practice.

Finally, the Essex fielding is well-above average. I fancy they are more likely to win the John Player League than the county championship and they also stand a reasonable chance in the Gillette Cup.

They have the ability. The one question mark is whether they have sufficient belief in themselves to make the breakthrough.

Essex forged further ahead by beating Sussex by one wicket yesterday, thanks very largely to another masterful innings from Edmeades before the largest Essex crowd for a one-day match.

YACHTING

BY ALEC BELBY

Admiral's Cup selectors face difficult task

COWES, June 29

THE SIX RACES sailed as trials to select Britain's Admiral's Cup crew, the final reckoning programme is over. Tomorrow the RORC selectors will announce their choice of the three yachts, and the reserve that will endeavour to win back the Cup for Britain in the four-race series that starts off Cowes at the beginning of August.

At the start of this weekend, Robin Asher, Yeoman XX and Ron Smith, Norway, appeared to be the favourites to be selected from the 14 contestants for places. But the choice of the third yacht was from Lucid.

The weekend has provided splendid racing, making it a pleasure to watch the boats, and has certainly narrowed the field. But it cannot be said to have made the task of the selectors any easier.

Yeoman confirmed her form by taking a convincing handicap win on Saturday, when John Freeman's Baiter was the only boat to finish in the top three after a long 36-mile double shuffle round the Solent. The performance of the low-rated Yeoman both inshore and offshore has been impressive, as has the performance of Asher's Baiter, who was the second inshore trial race, when he captained the British team.

To-day, sailing over a shorter course, the final reckoning programme was over. Tomorrow the RORC selectors will announce their choice of the three yachts, and the reserve that will endeavour to win back the Cup for Britain in the four-race series that starts off Cowes at the beginning of August.

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result of the collision incident. This latest incident was just the sort of thing that did little to help the selectors, but was with out doubt entirely due to the intensity of the struggle.

On the strength of the performances of the week-end, added to those already seen, the choice of the British team must lie between Yeoman, Norway, Baiter and More Opposition, with Ernest Juer's Broer Cup, former Prospect of Whitby, possible reserve, Edward Heath's Morning Cloud, after a poor showing yesterday when she finished 11th, did little better with eighth place to-day.

Whatever the choice there will be those who disagree with it, but it has been said that the trials are harder-fought than the series itself, and this must mean that the British team will be as strong as it has ever been. A record entry of teams from 20 nations will compete for the Cup, and the British selectors have had the advantage of choosing their team once the size and ratings of the opposition have been evaluated, a point that may be reflected in their final decision.

RACING

BY DOMINIC WIGAN

Treble hope for Eddery

PAT EDDERY, who a year ago missed the winning Irish Derby made an English Prince through Irish 2,000 Guineas and a suspension incurred at Royal Ascot, made no mistake at the Curragh on Saturday, winning the Sweeps Derby at his first attempt on Grundy.

Dr. Carlo Vittadini's Great Nephew, who by following Irish 2,000 Guineas and English Derby successes with a victory

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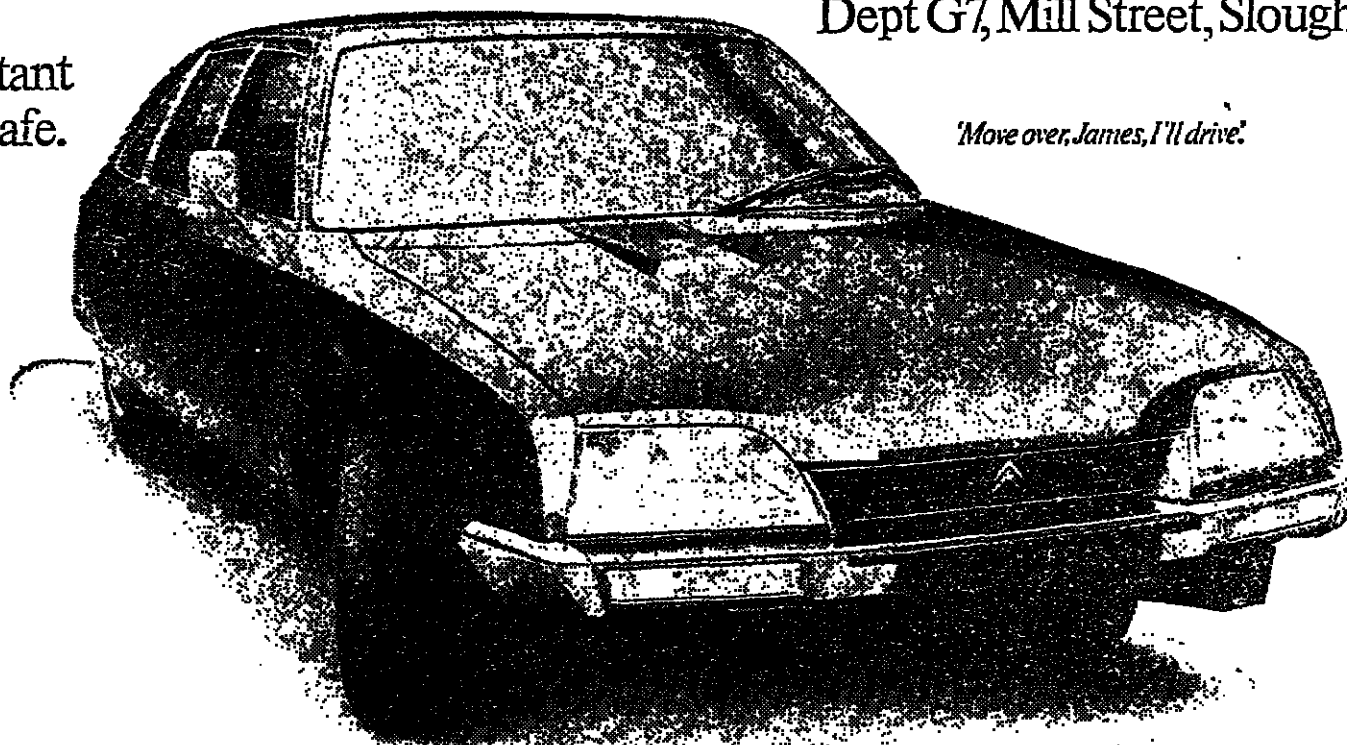
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APPOINTMENTS

appointments also appear
to-day on page 36

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Working closely with users at area and subsidiary levels, the person appointed will manage all systems and DP activity to meet the area's business information needs, including initiating appropriate recommendations on hardware and systems development. He will supervise a staff of around 25 and a total budget of up to \$1 million.

Essential requirements of the post are sound technical competence in the DP field, coupled with extensive proven skills in the management of technical projects and resources in a mixed manufacturing/marketing environment.

LABOUR NEWS

Solution remote in Sharman dispute

By Our Labour Reporter

ALLEGATIONS OF violence and blackmail by members of the National Graphical Association have produced a bitter background for moves starting to-day to solve the five-week dispute between the union and the Peterborough-based Sharman group of newspapers.

Neither side was hopeful last night that a joint employer-union committee will be able to find a solution after first hearing evidence to-day. The dispute over the introduction of computer typesetting machinery stems from the increasing pressure which technological developments are putting on NGA members.

Mr. John Sharman, managing director of the family company, said last night that he could see little prospect of an end to the row unless the union is in a mood to accept what we want to do. He warned that the company would not reinstate all of the 40 NGA members now on strike because of bitterness created by picket-line incidents. He claimed that journalists and other staff had been intimidated and that the NGA was now trying to "blackmail" his company by threatening advertisers with the withdrawal of their advertisements, which are not handled in any other publications.

The NGA claims that the company introduced the new equipment, Optical Character Recognition, without prior consultation and it fears consequential redundancies because NGA members will lose some of their traditional type setting work. Sharman says, however, that it installed the new machinery so that its weekly Peterborough Standard could be printed as an evening newspaper without an increase in staffing levels.

On Fleet Street, the NGA is faced with even more formidable technical challenges. Several papers are about to embark on the introduction of sophisticated machinery.

Already the Daily Mirror group, the Daily Express and the Guardian have announced plans to introduce up-to-date plant, and other papers are expected to unveil schemes in the near future.

Although accepting the inevitability of such schemes, the NGA, the union which will be most affected by these changes, is unlikely to agree to any enforced redundancy and is certain to insist that any reductions are through natural wastage.

U.S. talks bring hope for sit-in workers

DEVELOPMENTS are expected this week in the Imperial Typewriters factory workers' sit-in at Hull. A Transport and Workers' Union negotiator is expected back from America to-day with news of discussions with an international company of office equipment manufacturers.

Mr. David Cairns, TGWU Humber-based regional officer, said that if the negotiations were successful a new company, to be known as New Harmony, could be in business producing office equipment by the end of the year. The workers would have a 51 per cent. holding.

About 300 former workers began the sit-in when Imperial Typewriters closed the factory for economic reasons in February.

Ladbroke's dismiss 300

THREE hundred Glasgow employees of Ladbroke's, the bookmakers, have been sacked for refusing to call off a week-long strike.

A company spokesman said: "The people on strike have been dismissed. There no longer is a strike."

The managers and settlers wanted a wage rise of £10 a week. A meeting with Ladbroke's management failed to resolve the situation.

ITV blackout threat lifted for more talks

BY OUR LABOUR REPORTER

A THREATENED blackout of independent television programmes was lifted last night to allow fresh negotiations on a 25 per cent. pay claim by the Association of Broadcasting and Allied Staffs.

But the action by ABAS members in transmitter stations could go ahead later this week if to-day's pay talks fail to break the deadlock which emerged during negotiations with the Independent Broadcasting Authority last Friday.

The employers have offered 22 per cent. rises payable from July 1 to their 3,000 technicians. Threshold rises have not been paid under the current agreement so the offer is all new money. But it falls short of the ABAS demand for increases matching the total retail price index rise for the past year.

Mr. Paddy Leach, deputy general secretary of the ABAS, said last night that the union had dropped its original claim for 30 per cent. rises plus improvements in a range of conditions after the IBA insisted that the eventual settlement be within the social contract.

"The 25 per cent. we are ask-

ing for is in line with the retail price index and with the social contract's guidelines," he added. Mr. Leach said that the ABAS had called its transmitter station representatives to a meeting to-day to consider the outcome of to-day's talks and, if necessary, to make recommendations for future action.

The course of the IBA negotiations may be influenced by the fact that the ABAS has not yet reached agreement with the BBC.

The union has turned down a 21 per cent. offer and there are suspicions that the Government is exerting strong pressure behind the scenes to avoid a repetition of last year's clash when Ministers accused the BBC of breaching the social contract by agreeing to rises of well over 20 per cent.

Unsocial hours pay sought in trawlers

By Our Labour Staff

TRAWLERS IN Britain's major fishing ports are seeking a 35 per cent. pay rise in the form of an "unsocial hours" award under their next annual pay agreement.

The claim of £10.50 on basic rate for a seven-day week, would however mean a rise of between 15 and 20 per cent. in average earnings for some 4,000 trawlermen in Fleetwood, Grimsby and Hull.

The employers have rejected the idea of an "unsocial hours" payment but are consulting among themselves about what rise in basic rates they are prepared to offer as an alternative. The men's union, the Transport and General Workers' Union, is insisting on an additional £10.50

TUC guide for workers' safety

THE TUC publishes to-day a 32-page handbook, "Health and Safety at Work: a guide for workers' safety representatives" which will be appointed later this year under the new Health and Safety Act.

The handbook, price 25p, covers the whole field of industrial health and safety and is, according to the TUC, the first of its kind to be published since the new legislation was enacted.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
July 1-3	Royal Agricultural Show (cl. July 3)	Kenilworth, Warwick
July 1-3	Electronics Exhibition	Leeds University
July 1-3	Pharm and Midlands Bus. Equipment Exbn.	Birmingham
July 9-9	Business '75 Exhibition	Middlesbrough
July 8-10	Great Yorkshire Agricultural Show	Harrogate
July 8-11	Intnl. Audio-Visual Aids Exbn. and Conf.	Olympia
July 11-12	Kent Agricultural Show	Maidstone
July 14-26	North-West '75 Home and Leisure Exbn.	Blackpool
July 18-26	Brighton Antiques Fair	Corn Exchange
July 20-21	Fish Catering Services Exhibition	Regent Centre Hotel, W.1
July 20-24	Northern Lighting Exhibition	Manchester
July 20-24	Harrogate Gift Fair	Harrogate
July 22-24	Royal Welsh Show	Builth Wells
July 22-24	Intnl. Fire Exhibition and Conference	Olympia
July 29-Aug. 2	Tyneside Summer Exhibition	Newcastle upon Tyne
August 2	Perthshire Agricultural Show	Perth
August 3-7	Midlands Toy and Gift Fair	Solihull

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Motor Show (cl. July 6)	Athens
Current	Housing and Public Works Exhibition (cl. July 6)	Naples
July 1-8	International Saba Saba Trade Fair	Dar es Salaam
July 3	Zambia Trade Fair	Ndola
July 4-5	Glasgow and Window Frame Exhibition	Stuttgart
July 4-13	Food and Agricultural Machinery Exhibition	Sao Paulo
July 6-11	Pure and Applied Chemistry Exbn. and Congress	Jerusalem
July 8-17	Intnl. Fire Engineering Exhibition	Moscow
July 14-18	Medical Exhibition	Johannesburg
July 14-18	National Housewares Exhibition	Chicago
July 15-24	Marit. Equip. for Aluminium Products	Moscow
July 15-24	Processed and Specialty Foods Fair	Bombay
July 20-Jan. 18	International Ocean Exposition	Okinawa
July 26-Aug. 3	Dornbirn Fair	Dornbirn, Austria
July 26-Aug. 3	International Arts and Antiques Fair	Heisingborg, Sweden
July 28-Aug. 1	Packaging and Food Processing Exbn.	Johannesburg
July 28-Aug. 2	Instruments, Automation, Electronic Control	Melbourne
July 29-31	Western Packaging Exhibition	Anaheim, U.S.
August 5-8	Aids to Navigation (Trinity House sponsored)	Ottawa

BUSINESS AND MANAGEMENT CONFERENCES

Current	Urwick Man. Comp. Systems Analysis (cl. July 11)	Slough, Bucks.
To-day	Computer Power: Advanced Filetab (cl. July 11)	Cannock, Staffs.
To-day	Strat. Man.: Creativity and Innovation (cl. July 11)	London Bus. School, N.W.1
To-day	S. Wales Eng.: Materials Cons. (cl. July 2)	Cardiff
To-day	Dunchurch College: Offshore Oil (cl. July 2)	Dunchurch, near Rugby
To-day	Aberdeen—Europe's Offshore Capital (cl. July 3)	Aberdeen
July 2	Assn. of Cert. Accnts.: Current Taxation	Imperial Hotel, W.C.1
July 3	Inbucon/A.I.C.: Job Design at Work	Barrington House, E.C.2
July 3	South African Investment Seminar	Intercontinental Hotel
July 3	JACTA: Timber Products Seminar	NETE Conf. Centre, W.1
July 3	Staniland Hall: Outlook for Leisure to 1980	London Hilton, W.1
July 7-11	P.E. Cons. Group: Maintenance Management	Egham, Surrey
July 7	Financial Training: Inflation Accounting	Cafe Royal, W.1
July 7-10	FT Man. Serv.: Getting Fin. Facts Straight	Charing Cross Hotel, W.C.2
July 8	Arab Mkt. Res.: Selling to Arabian Peninsula	Cafe Royal, W.1
July 8-9	Graham & Trotman: Offshore Service Business	Manchester
July 8	BACIE: Television in Training	Goldsmiths College, S.E.14
July 8	Inbucon/A.I.C.: Relocation or Dislocation	Financial Times Cinema
July 9	Inst. Directors: Cap. Trans. Tax and Small Bus.	Royal Garden Hotel, W.8
July 10	New Law Journal: Reverse Law	Cafe Royal, W.1
July 11-13	IEE: History of Electrical Engineering	Manchester University
July 14	CBMPE: Electronics in Offshore Operations	Cafe Royal, W.1
July 14-18	Louis A. Allen & Ass.: Professional Management	Grand Hotel, Eastbourne
July 14-18	ABRAXAS: Basic Synthesis Course	Richmond Hill Hotel
July 14-18	IPW: Work of Personnel Department	Berners Hotel, W.1
July 14-18	Harry Mitchell & Partners: Incentives	Boston, Notts.
July 14-18	Inst. of Purchasing: Practical Buying	Notttingham
July 14-18	Kepner-Tregoe: Decision-Making	Whitely Hall, Rmthury
July 15	North Paul & Ass.: Transactional Analysis	The Gloucester, S.W.7
July 15-19	RICS annual conf.: Energy and Development	Edinburgh University
July 16	Market Imp.: Where have all the Profits Gone?	Portman Hotel, W.1
July 17	Inst. Manpower Stud.: Industry's Manpower Needs	London Sch. of Economics
July 17	WTRA: EEC and U.K. Wool Textiles	Headingley Lane, Leeds
July 17	LARC: Rothwell Miller Interest Blank	57, Marblebone High St., W.1
July 18-19	Inst. Met. Tech.: Optical Microscopy	Sheffield
July 23-24	Financial Times: Irish Times and Berlinke	Dublin
	Tidende: Europe after the Referendum	
July 29-31	ASM: Project Management	Piccadilly Hotel, W.1
August 3-8	N-E London Polytechnic: Systems Workshop	Chelmsford

THE DREYFUS INTERCONTINENTAL INVESTMENT FUND N.V.

DECLARATION OF DIVIDEND

At the Annual General Meeting of the Dreyfus Intercontinental Investment Fund N.V. held in Curaçao on April 28, 1975, the Shareholders of the Fund, acting upon the recommendation of the Fund's Board of Directors, declared a dividend of 50.08 (U.S.) per share to Shareholders of record on June 20, 1975. This dividend is payable on June 24, 1975, to holders of bearer shares upon surrender of Dividend Coupon No. 5 as attached to the share certificate, to one of the offices of the paying banks listed below. This distribution is being made from net investment income.

Morgan Grenfell & Co. Limited
23 Great Winchester Street,
London EC2P 2AX, England.

Deutsche Bank AG
Grasse 61/62, 10-14
Frankfurt/Main, Germany.

Montreal Trust Company
15 King Street West,
Toronto, Canada.

Banque Internationale à Luxembourg
2 Boulevard Royal,
Luxembourg-Ville, Luxembourg.

The Royal Bank of Canada (France)
3 Rue de la Paix,
Paris, France.

Dividends payable on shares held in a Dreyfus Intercontinental Voluntary Account will either be paid directly to the Account holder or automatically reinvested, depending upon the election made by the Account holder when his Account was established.

The Semi-Annual Report as of February 28, 1975 is now available at the offices of the above-mentioned paying banks or at Dreyfus Management International GmbH, Maximilianstr. 21, 8 Munich 22, Germany.

M.D.W.

Building and Civil Engineering Contractors

SUMMARY OF RESULTS

	1974	1973	1972
Turnover	£18,700,000	£13,900,000	£9,700,000
Profit before tax	£877,000	£891,000	£434,000
Ordinary dividend*	4.65p	4.13p	3.94p
Net assets	£1,815,000	£1,573,000	£1,308,000
Earnings per share	10.62p	9.42p	6.70p

* gross equivalent adjusted for scrip issue

The Chairman, Mr. Harold A. Whitson, C.B.E., B.A., reports:-

- Another good year.
- M.D.W. Developments Ltd. progressing satisfactorily in N.E. Scotland at Ainess, Dingwall and Invergordon, as well as in other parts of the country.
- Signs of recovery in private house market and start to be made soon on a limited number of new houses.
- Objective is to continue to give the best possible service to clients both private and public, but future will depend upon the duration and outcome of severe economic and social problems facing the country.

Copies of the full Report and Accounts may be obtained from the Secretary.

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BY CHRISTOPHER HILL

at capital gains tax. Investors in the current tax year may apply any time after the first year qualify for a 6-per cent. interest rate, but will not qualify for the inflation adjustment.

Monthly payments may be by banker's order. Giro, cash over the counter, cheque or deduction from pay. But savers who wish to pay by banker's order should note that the application form is available only at banks.

Giro and cash payment applications forms are available at Post Offices. The application forms come in different colours — red for the bank standing order, green for the Post Office, and black and blue for variations of the standing order.

Fuller details about the terms of index-linked SAYE are set out

BY PETER FOSTER

The Office of Fair Trading has for some time been negotiating with the Society of Motor Manufacturers on a code of practice, which it announced to-day, has been agreed in principle.

The OPT has stressed that there is a need for the advertised prices of cars to be presented clearly and on a comparative basis by manufacturers, so that consumers can make a valid comparison.

One of the main reasons behind Ford's move is likely to be that the company feels that it is at a disadvantage when prospective customers have compared the prices of

BRITAIN'S MOTOR exports in May were almost three times the level of its motor imports, according to the Society of Motor Manufacturers and Trades figures.

Exports of all motor industry products hit a new peak for any month. At £254m, they were up 50 per cent. up on last year, although imports also showed a rise of 42 per cent. to £94m.

The "trade gap" on cars, however, was sharply narrowed. Although car exports rose 20 per cent. to £48.5m, imports rose 10

50 per cent. to £44.2m. during the month, thus narrowing the gap to £3.2m.

The outstanding performances came from commercial vehicles and components, parts and accessories. Earnings from commercial vehicle exports leapt by 65 per cent. in May to £33m., while imports were less than 7 per cent. higher at £9m. An increase of 48 per cent. in earnings from components, parts and accessories to £10.6m. contrasted with imports of similar equipment valued at £5.2m.

For the five months ended May, total motor exports were 43 per cent. higher, at £1,034m., on the same period of last year, while imports were 41 per cent. up at £458m.

FINANCIAL TIMES REPORTER

DETAILS OF companies which have received selective regional assistance under the terms of the Industry Act 1972, until now kept secret, have been disclosed by the Department of Industry.

Information about assistance has been treated in strictest confidence but Mr. Eric Varley, the Secretary for Industry, has kept a pledge by his predecessor, Mr. Anthony Wedgwood Benn, to publish details of all grants and loans beyond £10,000.

The first 100 names released account for £10.6m. of Government funds, the first payments of which have been made between January 1 this year and the end of March.

Included among the major recipients are United Glass, which has been offered an interest-free grant of £488,000 to assist the development of its glass-container operations in Scotland. Another major name is the printing concern Fyning (1973), which has secured a loan to maintain employment, but which has since gone into receivership.

Other recipients are drawn from a wide cross-section of industries, and most have been given help as part of the Government's attempts to stimulate investment in plant in a few areas where preservation of exist-

ing employment has been the major factor.

In the hard-pressed bakery industry, where there have been serious failures among the medium-sized plant bakers, Independent Bakeries has been offered a loan of £550,000. Dubilier Electronics, the electric and electronic component manufacturer, which has moved a substantial part of its activities from London to a new Liverpool, has been given a removal grant of £688,000.

According to the Department, other names to receive help include Main Gas Appliances, offered an interest relief grant of £189,000; and Devon Concrete Works, a loan of £225,000. British Leyland, in line for the biggest sum of cash ever made by the State, also received an interest relief grant of £36,000 for help with its operations in Yorkshire and Humberside. Plessey was offered £156,000, also in the form of an interest relief grant for assistance in Wales. Other companies to receive assistance over £10,000 include BGK (Aluminium); Charles Churchill; Redifusion Vision Service; Henry Simon; Dalton Wear; Metal Moulding; Dorman Glass; Luke Anthony; and Cluck Shelving.

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

A £3M. research and development programme by EMI-MEC, the machine tool manufacturing subsidiary, to produce a new automatic capstan lathe has paid off at just the right time.

It has been successfully presented to the Ministry of Defence, the company will be taking on more employees at a time when it would otherwise have had to declare redundancies in view of the current machine tool recession.

Mr. Douglas Lowe, EMI-MEC's managing director, says that £500,000-worth of the new machines, which cost around £10,000 each complete with tooling, have already been ordered for export delivery starting in January.

He estimated that the company, which employs 22 people at its factory in East Crinstead, Sussex, and a second unit at *Holworthy, Devon*, would need another 100 people to cope with demand.

The company, in good years, had been selling 50 a month of its best-selling capstan lathe "and the potential market for the new one is even bigger."

The standard capstan lathe was designed 50 years ago and since then there had been no progress at all in the U.K. The firm was now producing beautiful machines and we couldn't wait for someone in England to do something, so we

BY JOHN BOURNE, LOBBY EDITOR

LIBERALS AT the party's National Executive meeting in London at the week-end were annoyed that their representation at the European Parliament in Strasbourg had been halved by the Government.

They complained that with the advent of the Labour Party delegation of 18, Lord Gladwyn's name had been dropped from the list of British representatives, leaving the Liberals with only Mr. Russell Johnston, MP for Inverness. The Independent Lord O'Hagan had also been removed.

Last Tuesday Mr. Jeremy

Thorpe, the Liberal leader, saw the Prime Minister and argued unsuccessfully the case that the Liberals should keep their two delegates.

The Liberal National Executive agreed to "deplore the removal of committed and active pro-European Parliamentarians." It recommended that immediate action be taken by the Liberal Parliamentary Party to urge Mr. Wilson to restore the two Lords to Strasbourg, to review the method of selection and initiate action to arrange for direct elections

Financial Times Reporter

EIGHT ISRAELI banks have been asked to send witnesses to Britain this week to give evidence in the case of three City men accused of being involved in a big fraud plot against them four years ago.

Committal proceedings are due to start at Guildhall court to day against Mr. Ivor Gershfield, 47, economist, Mr. Isidor Heller, 48, company director, and Mr. Asriel Heller, 46, retired businessman, who are alleged to have been concerned with transactions over letters of credit from the former City finance house, Heller and Partners, at the time.

BY ROY HODSON, REGIONS EDITOR

A NEW network of services between Britain and the Continent for collection and delivery "door to door" of parcels and small freight is being devised by National Carriers and is expected to be fully operational by the autumn.

The nationalised company, working in conjunction with the major transport operators in European countries, and private carriers in others, is developing a system for collection, or delivery, between any point in Britain and any point in France, Belgium and Luxembourg. Later the services will, it is hoped, extend to Italy as well.

As a pilot service with regular container loads shuttling between Newhaven and Dieppe on the Sealink vehicle ferries. On the French side the national carriers Sernam take over the trailers for forwarding and distribution.

To serve the north European countries, a circular route is planned by which regular road-trailers of parcels will leave Britain by the Harwich-Hook of Holland route and return by Ostend.

Minimum chargeable weight is to be 50 kilos and although the network is not designed to handle heavy or bulk exports it will be able to take up to several

Price lists are now being printed which enable any prospective shipper to determine at a glance the rate for a parcel or a consignment from his depot in Britain to any West European destination.

New documentation is also being prepared together with notes in simple English to guide exporters in the use of the system. The system is already running

FINANCIAL TIMES REPORTER

WESTERN DEMOCRACIES are subsidizing the Soviet Union with the provision of technology and finance in ways which are "undermining our own world of free enterprise," according to Mr. Anthony C. Sutton in a new book, *Aims for Freedom and Enterprise*, price pamphlet published today by the author, noted academic critic of Western technological exchange with the Communist world, suggests that as much as 80 per cent. of the Soviet Union's technology has come from Western capitalism.

Far from serving to help the cause of peace, he argues that

This trade is being used against the West.

The specific example of the maritime field, Mr. Sutton suggests that of 84 identifiable ships used to supply North Vietnam during the war there, 71 were built outside the USSR.

Of those 13 that were inside the Soviet Union but with engines to the specifications of Western companies and with their technical assistance.

More broadly, he quotes Soviet official data showing that from 1945 to 1968, over 90 per cent. of Soviet merchant hulls were built inside the USSR and 66 per cent outside.

"The Soviets," he concludes, "could not have supplied North Vietnam, and they provided about 80 per cent. of the weapons and supplies, without this prior technical assistance and construction of merchant ships."

He also notes that the Soviets would have substituted 'Soviet' ships. The Soviet-built component is only 34 per cent. of the hulls and zero per cent. of the marine diesel engines."

National Security and Trade with the Soviet Union, available from Arms, price 20p.

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The Annual General Shareholders' Meeting which was held in Rome on April 15, 1975 approved the following:

BALANCE SHEET AT DECEMBER 31, 1974

LIABILITIES		ASSETS	
	Lt.		Lt.
Capital	16,000,000.000	Cash and Call	337,356,440.100
Ordinary Reserve	5,000,000.000	Treasury and government bonds	280,778,282.192
Profit balance brought forward	80,073.123	Bonds and shares	231,162,397.049
Extraordinary reserve under law no. 827	8,155.000	Investments	4,693,279.444
Funds for risks and losses	6,250,743.100	Loans on hand	111,206,041.006
Savings Deposits	396,659,663.723	Bills rediscounted	15,194,827.865
Current accounts	1,282,531,423.896	Current accounts	931,095,206.464
Advances from Banca d'Italia	1,006,125.104	Consolidate loans	897,256.728
Bills charged on Banca d'Italia	211,000.000	Sundry items	78,461,866.070
Bills rediscounted	23,994,337.965	Bills for collection	11,854,718.022
Sundry creditors	121,001,330.842	Buildings	23,814,012.152
Bills for collection	33,294,148.640	Furniture, fixtures and fittings	7,588,220.280
Staff remuneration fund	24,140,240.170	Prepaid expenses and accrued profits	682,938.717
Provisions for depreciation of buildings	3,346,626.540		
Provisions for depreciation of buildings	2,239,297.329		
A-roll charges and rebates in favour of			
1973	17,243,139.513		
Net profit	3,625,476.723		
	2,079,536,297.844		
	1,754,824,329.844		
	3,534,404,627.388		
Crus accounts			
	1,754,824,329.844		
	3,534,404,627.388		

During the Meeting, a 12.50% dividend was declared and the assignment of 1 billion lire to reserve was passed.

This can happen to anyone— but it needn't

Some businesses go under through no fault of the people who run them.

That's why we suggest you get in touch with us—either direct or through your broker—so we can take a fresh look at the risks involved in your business.

Some of these risks may never even have occurred to you. For instance, what would happen to your earnings if one of your main suppliers had a disastrous fire and your supply of vital raw materials was interrupted? Would it be your disaster, too? Could you survive the delays or go on meeting your wage bills?

We can cover you against risks like these, so if the worst happens you'll stay in business. And we'll do everything we can to get your

operations back to normal as soon as possible
(that's in our interest as much as yours).

Our range of protection won't cost you a fortune – but nowadays it could certainly save you one. And if we can make your business safer, we may even be able to reduce the amount you're already paying for insurance.

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BUSINESS CLOSED
DUE TO CIRCUMSTANCES BEYOND
OUR CONTROL



The Executive's World: The Office

EDITED BY JAMES ENSOR

EQUALITY

Bad news for the ambitious

BY DOINA THOMAS

WHATEVER THE legal progress towards equality of opportunity and pay, however great the publicity on the rights of women as individuals, the reality of women's situation as employees will be most strongly affected by those directly responsible for hiring them. And a recent survey shows that they have an instinctive tendency to regard women applicants as inferior.

It is International Women's Year (the UN said so) and a congress of women is meeting in Mexico to mark the fact. More parochially, back home in Britain, the Equal Pay Act comes into full force by the end of this December: and it is hoped that the complementary Sex Discrimination Bill will become an Act in the course of Parliament's autumn session.

Opportunity

Earlier this year the Department of Employment completed a four book study on women and employment and one of the most important points for management to surface from these studies comes from the Manpower paper Women and Work, No. 11. It states: "More women are now married, they marry younger and they live longer. Childbearing is normally compressed into a short period relatively early in life. Many women therefore now have the opportunity to concentrate on their professional responsibilities of working continuously for twenty or thirty years."

Nearly two-fifths of all U.K. employees are female, the two facts together provide employers with a pool of labour that cannot be ignored. Yet the recent study by the social survey division of the Office of Population Censuses and Surveys—Management attitudes and practices towards women at work—provides a sad commentary on the present situation.

The survey concerned itself mostly with the attitudes of those managers who either created or implemented company policies on equality for women, be it of opportunity, pay or conditions. Audrey Hunt, who was responsible for the survey, defined the two categories of personnel manager as either "formulators" or "implementers" and she managed to persuade 212 of the first and 222 of the second to answer her questions. Slightly more than half the establishments originally approached actually agreed to go right through the survey experience, interviews and all.

A first point to note is that only 2 per cent. of the "formu-



Equal opportunities for women may be on their way but there is still a reservoir of prejudice against them among employers.

lators" and 11.5 per cent. of the "implementers" were women (contrast that with the fact that nearly two-thirds of all employees are women). This should rather put paid to the myth that "personnel" work is a "natural" haven for women with executive ambitions.

But one reason for this myth emerges from the survey: nearly two-thirds of women implementers (but only 8.2 per cent. of men) had received some form of training in office jobs. In other words it is quite likely that many of the women in administrative personnel jobs had graduated from behind their typewriters. This supposition can be given further weight by the fact that only 6.2 per cent. of women implementers had qualifications of degree standards. Both men and women implementers and formulators, however, received a high degree of on the job training.

The really important question in the whole survey, however, is that of the attitudes of these managers who create or implement company policy with regard to equality for women. With a mild degree of cunning Audrey Hunt's survey set out to establish these attitudes in two ways: first by asking individuals what their own views were; then what they thought the views of their colleagues might be. "When asked a direct question informants may be reluctant to admit to an opinion which they believe to be un-

popular, but will ascribe that opinion to people similar to themselves if asked a question about such people," the survey blandly comments.

The difference between the two viewpoints is illustrated in the responses to questions on equal pay. When answering for themselves three-quarters of the formulators and four-fifths of implementers were in favour, though some (mostly in manufacturing industry) had serious reservations, mostly about its effect on women's employment prospects.

However, when speaking on behalf of their male colleagues, the formulators indicated that only 34 per cent. were in favour of equal pay and 11.6 per cent. were said to be opposed. "It appears likely, therefore, that the attitude of management towards equal pay is less favourable than might be assumed from the expressed opinions of formulators and implementers," comments Audrey Hunt's survey.

The reason why so few women rise to senior management positions, or take up skilled work, according to both formulators and implementers lies largely with women themselves, they were not seen as career conscious, the break in many women's working lives was regarded as a handicap, and some blamed the traditional attitudes of society. Less than half the formulators and implementers thought it would

be a good thing if there were more women in senior posts which bodes no good for managerially ambitious women. All in all, it was thought that the Government was the best agent for change in these matters.

Depressing

But about two-thirds thought it a good thing if more women were trained for more skilled work. Most employers have more experience of women on the shop floor than in management. However, more encouragingly, a very high percentage of the few women implementers thought it would be good to have women in more senior positions which counters the usual argument that not only will men not work for women but nor will women.

The most depressing response in the survey—from the point of view of those in favour of equality of opportunity for women—was that of all the attributes considered desirable in employees a considerably greater number of respondents thought they were more likely to be found in men than thought women would possess them. If potential employees had identical attributes, the majority would prefer women for catering or domestic work. Plus ça change...

Management Attitudes and practices towards women at work, HMSO, £5.

What it costs to feed the workers

BY EVE MACPHERSON

EMPLOYEE CATERING subsidies are higher this year than ever before: four times greater than ten years ago, according to the 1975 catering survey just published by the Industrial Society.* Since its last report, the loss on food and labour has increased by more than £1.50 per person on site, and in London the average annual subsidy is £34 per person employed.

The Society reports that meal sales have increased by 8 per cent., and that more than half the labour force of the companies represented in the survey buy a meal or refreshments at main meal breaks. This despite prices charged for meals increasing by up to 20 per cent.

However, the overall picture of staff catering subsidies in the U.K. is less than satisfactory. Throughout the country as a whole, the average subsidy is running at around £24 per year per employee, and since in general only between 30 and 40 per cent. of employees use the staff canteen at main meal breaks, the amount of the subsidy per employee user is much higher. In many cases it does not even cover the cost of the food.



Yet most experts would agree that with better management of the canteen, companies should be able to charge their staff a

reasonable price and still recover not only their food costs, but also a proportion of their catering overheads. According to Mr. Harvey Herrmann, a catering consultant, "Companies should be looking for 25 per cent. gross profit on the selling price of the food, to go some way towards covering catering staff costs."

Policies

Catering policies themselves form a section of the Industrial Society's 1975 Survey. The majority of firms represented had a formal policy—but 20 per cent. of those firms did not appear to measure success or failure, and only a minority of those responding to this part of the questionnaire achieved their financial aim.

No one would deny that companies should be looking to reduce their catering subsidies in 1976, even though the total loss on food and labour is not high when quoted against a firm's salary/wages bill—some where between .88 and 1.50 per cent. Even that percentage, however, is not as low as it first appears when calculated per head given the small numbers using meal facilities. The question remains: do you have to subsidise at all?

As a first step, management needs to examine the economics of running the firm's canteen. Specifically, it should determine:

- The number of employees using the staff restaurant as a proportion of total staff.
- The pattern of price levels and related food sales, with possible comparisons against past increases, over the past year.
- The same for the cost price levels of food.
- The existing true subsidy total, including an allowance for utilisation of premises, non-consumables such as maintenance.

"It is vital," says Mr. Herrmann, "to get the views of the catering manager or contractor on the subsidy and ways in which it might be reduced. It is also important to assess the feelings of employees, through structured questionnaires or interviews. For example, if only a third of the staff use the canteen, what is deterring the rest? What are shop stewards' and staff attitudes to price and quality levels? How would they react to subsidies being phased out altogether in return for wage deals, for example?"

The local

"It would be an interesting experiment," is the view of Harvey Herrmann. "If you could give each man, say, £50 a year rise and charge the actual price of the canteen meals you've been subsidising, people might start bringing sandwiches, or going to the local, and the company could do away with canteen facilities altogether. It's doubtful, though, that the unions would wear it while subsidised meals are tied up with welfare, recruitment and productivity."

"Subsidies won't disappear in the foreseeable future," confirms Mrs. Margaret McArdle of the Industrial Society. "People have been looking at this for a long time now, but there are too many historical factors involved. Since the war people have expected a subsidised meal at work, and you can't change the habits of a working lifetime overnight."

*Catering Prices, costs, subsidies and digest of running practices 1974-75, No. 182, The Industrial Society, Robert Hyde House, 48 Brynston Square, London W1H 1BQ. Price £4.00.

Woman's advantage

BY DR. DAVID CARRICK

AT THE RISK of being accused as mild anxiety and depressive states. Both are exaggerations of the norm and it is very tempting to believe that they are manifestations of temporary hormonal disturbances triggered by normal people of either sex. But I do not intend to imply off by stress and then, if the that one sex is better in every stress continues, feeding on it way than the other, rather that certain qualities and strengths help is given and the external cause eradicated.

Traits

Meanwhile, there are certain essentially feminine traits or behavioural patterns which can be ignored only at their peril by males obtuse or obstinate enough to do so.



... she blew out all but forty of the candles ...

ordinary circumstances, the female displays a far greater ability to settle down for a long innings in hospital or in an old people's home than can be expected of the elderly male.

Old girls

I recall the geriatric wards of one hospital which illustrated this phenomenon vividly. The male ward had a high turnover. Old men would come in and, after a few weeks or months, would never be bothered with headaches again. To find a vacancy in the female ward, however, was a very different matter. After some initial grumbling (which continued in a different key) the old girls accepted the change and dug themselves in. One woman in particular remains forever in my memory. She had been admitted when she was 60 years old and was not expected to live for more than a week or two. Evidently she was unaware of this because I had the pleasure of attending her 104th birthday—and she managed to blow out all but 40 of the candles that blazed from the cake her 85 year old youngest daughter had baked.

Through all stages of life the female displays this superiority over the male. Having excluded such diseases as are in the words of old textbooks, "peculiar to women," and which can be offset by those that must be confined to males, statistics show the picture clearly. From fatal heart disorders to malignancies of the gastro-intestinal tract, the incidence of killer diseases that strike long before the allotted span is almost invariably lower in females than in the truly weaker sex.

The incidence of non-fatal disorders from puberty onwards is reversed. Attendance at general practitioners' surgeries is much higher by females than to males and the same bias is seen in the field of occupational medicine.

A high proportion of these disorders is made up of the minor mental maladies—the psycho-neurotic conditions such as mild anxiety and depressive states. Both are exaggerations of the norm and it is very tempting to believe that they are manifestations of temporary hormonal disturbances triggered by normal people of either sex. But I do not intend to imply off by stress and then, if the that one sex is better in every stress continues, feeding on it way than the other, rather that certain qualities and strengths help is given and the external cause eradicated.

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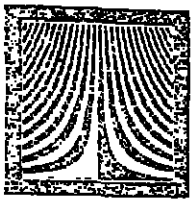


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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ENERGY

Solar cell yields high power

POWER-FROM-the-sun projects could receive a marked fillip as the result of work in progress at Varian Associates in California.

Using a gallium arsenide cell about 1 inch in diameter, as much as 20 watts of power have been extracted in laboratory conditions. The development team asserts that this is 1,000 times more than is at present obtainable from the same surface area of other thermo-electric materials used in power from sun studies.

Cell efficiency is 20 per cent, also a significant improvement, and it has proved possible to keep the cell surface temperature down to around 54 degrees C through appropriate heat-sinking, despite the fact that a reflector is used to concentrate sunlight some 300 times on to the surface of the cell.

Optimum conditions should give a concentration factor of about 1,000, hence the 16 in. diameter cell, which has been provided about 57 watts, and with reduced heat sinking and at a surface temperature of as much as 200 degrees, 41 watts. The material is not significantly heat-sensitive.

A first objective of the development team is to construct an array of cells to give a steady output of 1 kW. The idea is to rotate the array to follow the sun so that as much energy as possible is being extracted at any time—capturing 40 per cent more sunlight per day than fixed panels.

One interesting fact is that the Varian cell will provide power even when there are well defined shadows.

There are a number of obstacles in the way of developing effective banks of cells, one being the simple mechanical one of designing mirrors and cells around a compact grouping which will be easily rotatable. Another is the cost of gallium-based materials.

Shadows

One interesting fact is that the Varian cell will provide power even when there are well defined shadows.

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WOODWORKING

Versatile profile cutter

Varying the depth of cut gives more shapes. The cutter body is bored for a 40mm diameter spindle, but bushes are available enabling the cutter to be mounted on other sizes.

In prototype work, slight changes in moulding design can be achieved using the same cutter block without costly regrinding of blade profiles, and in mass production economies in tool stocking are provided since one cutter will produce a wide range of mouldings, says the company.

The tool consists of an aluminium alloy body with three slots into which rotatable blades of different profiles are inserted and secured by Allen screws.

Each blade can be rotated and locked into one of four marked positions and each slot is marked with three positions—by varying the combination of the three blades 64 profiles can be achieved at a single cutting depth.

Key to disc has boosted software

EXTENSION of the original data entry conception of key-to-disc systems is possible with the SERIES 5000 introduced by Com-

ELECTRONICS

Reliable plastics transistor

ACCELERATED LIFE tests carried out by Mullard show, states the company, that in most applications designers can use the BUX31 to BUX37 plastics T0-5 transistors to replace more expensive metal types without any loss of performance or reliability.

Results of the Mullard tests show that under normal operating conditions with the junction temperature 100 deg. C, the failure rate will be only 0.01 per cent, per 1,000 hrs. The life expectancy is described as "beyond meaningful measurement," statistical evidence giving a figure of 100 years.

Prolonged life expectancy has been achieved by using construction techniques employing a uni-metallic bonding technique, a header bond, and a relatively contaminant-free high-grade plastics encapsulant. More from Mullard House, Torrington Place, London WC1 (01-580 8633).

TRANSPORT

For hauling molten iron

NORMANBY PARK works of the British Steel Corporation has taken delivery of the first in a new series of industrial locomotives, specially designed for steel works operation by the Hunslet Engine Co., Leeds LS10 1BT (0532 3226).

This 72 tonne shunter has 6 inch sideframes and 4 inch thick footplates for strength and to provide traction weight. Powered by a Rolls-Royce D50T diesel engine developing 562 hp, transmission is diesel electric through an alternator and electric wheel motors (4-4 wheel arrangement). Maximum working speed is 18 mph.

Used to haul torpedo cars of molten iron from the blast furnace to the steel making plant within the works, the shunters are fitted with special filters on the air inlet and twin line braking systems, so that the locomotives can be occasionally used to handle main line traffic brought into the works.

HANDLING

Makes work less tedious

SOME YEARS ago the Swedish company Electrolux AB, well known for domestic appliances, decided to take some of the more tedious and repetitive handling chores out of its production lines by developing a mechanical handling robot.

The final device was so successful in its own works that the company decided to market the robot, and a number are in service world wide. It is now being marketed for the first time in the U.K. by George Kuikka, Hill Farm Avenue, Levensden, Watford, WD2 7BL (Carston 79377), where there is a demonstration unit.

Known as the MHU Senior (there is a less sophisticated Junior version), the device is of modular construction, and pneumatically actuated. It is built up from standard modules: an arm with programmable positioning and attachment for grippers with air and electric power supplies; a rotating unit which can travel continuously through 360 deg. between programmable stops; and a column for vertical travel programmable positioning.

Controls are grouped in a free-standing cabinet. An electro-mechanical system with 30 or 60 steps is standard. Programming is performed on a panel linked to the cabinet.

The motion pattern of the robot, the signals to and from the peripherals as well as the acknowledged time delay relays, etc., are externally connected to the programming panel. The complete work cycle can be tested with the programming panel connected, so that modifications can be made if required. Once the work cycle is functioning satisfactorily, the panel connections are transferred to a plug-in program connector to be plugged into the control cabinet. There is a version for random program selection.

Up to the gripper plate the machine is standard—from there a standard gripper, mechanically, magnetically, or pneumatically actuated, may be attached, but usually a tailor-made device is required.

Most applications are where workpieces have to be transferred through a number of operations in a production line when the robot is often able to take the component to and from several machining stations. Weights up to 15 kg. can be handled to a positioning accuracy of ± 0.1 mm.

Electrolux says that in its own factories and at overseas customers the robot has been more than acceptable to the workforce, since it carries out the fatiguing, tedious, and dangerous jobs under the supervision of the worker, and often improves his piece rate pay. Typical price for a robot is about £11,500.

George Kuikka imports a range of specialised precision tools and metrology equipment, including the Wera Profimator form generating machine, made by Hermann Werner, Wuppertal, West Germany. This machine will produce splices, gears, serrations, polygons and other forms in a fraction of the time required for conventional processes such as hobbing and milling. All functions are hydraulically controlled.

PROCESSES

Microwave cooking of meat cubes

FIRST PRODUCTION models of a microwave cooking equipment, able to turn out 1,000 lbs of meat cubes per hour are becoming available from ABR Food Machinery Company, Denbigh Road, Milton Keynes MK1 1DQ (09082 76421). It can be used to supply two pie-making machines producing a theoretical maximum of 15,000 meat pies/hr.

The meat, fat, etc., are first reduced to a slurry (to which vegetable protein or other ingredients can be added) in an ordinary sausage maker's mincer or homocutter. The product is fed direct from a standard continuous vacuum filler into square section tubes which pass between two microwave guides. The temperature rises almost instantaneously and the emerging material retains the cross section of the tube and can be cut into cubes by a knife.

The advantage claimed is that a solid cube of meat is produced in which any unpalatable constituents are rendered palatable. The alternative for pies is meat not cooked long enough to soften sinews and gristle, retaining the "body," or thorough cooking of normal meat by established methods giving a product inclined to disintegrate.

The maker states that end products of the microwave process can withstand freezing, boiling, baking and retorting temperatures without breaking up. Cooking losses are claimed to be under five per cent, there being little or no time for moisture to escape. These savings, alone, states ABR, enable the capital cost of the installation (£20,000 to £30,000) to be recovered "in a matter of months."

Fish sticks can also be dealt with by the equipment, the rapid heating prevents the bacteria from passing through the spore stage and the resultant bacteria count is claimed to be very low.

INSTRUMENTS

Calibrates magnets

NEW AUTOMATIC setting and calibrating equipment has been developed and introduced by Hirst Electric Industries, Crawley, Sussex, for work on permanent magnets made from rare earth materials in particular, samarium cobalt alloy (S₂Co₅).

A typical application for the equipment is when a magnet stack made up from a number of individual magnet rings has to have a controlled and varied field distribution throughout its length. After computing the field values required in each magnet, the operator sets the Hirst MSC2000 to these values.

Individual magnets which previously have been magnetically saturated and then loaded into a special fixture are subjected to a series of uni-directional demagnetising pulses of increasing amplitude. When the pre-set level of magnetic flux is sensed, the equipment switches itself off and resets for the next batch of magnets to be treated.

The MSC2000, high energy calibrator has been developed to be used with Hirst's MC4C magnet charger which is capable of charging to saturation magnets made from rare earths.

Designers and manufacturers are using rare earth magnets in increasing numbers because they have the advantage of a high resistance to demagnetisation and offer considerable scope for component miniaturisation. Hirst is on 01-748 2020.

Measures properties of paper

SMOOTHNESS AND porosity of paper can be measured using the 55K Bendtsen tester introduced by DISA, Redcliffe Way, Bristol BS1 6NU (0272 291436).

The results are expressed directly in Bendtsen numbers on a digital read-out. Measurements are taken by pressing a cylinder into contact with the paper within the interior of the cylinder under pressure. The Bendtsen smoothness number is the rate of leakage of air in millilitres per minute from the cylinder edges.

Flow rates can be as low as 2 ml/min. and to make an accurate measurement of flow a hot wire anemometer method is used with ambient temperature correction—more sensitive than the customary rotating float methods. For porosity a similar measurement is made with an airtight joint above the paper and the flow measured through it.

The unit is unaffected by mechanical vibration and is claimed to be particularly suitable for production control. The

Stops rust in store

DOW CORNING has developed a protective product which is claimed to prevent corrosion of metal surfaces and components during storage and shipment.

Called Molycoate Metal Protector, it is a non-flammable liquid which dries to a colourless, wax-like film, stated to be resistant to humidity, moisture, salt water, temperature extremes and weathering.

The company says the film need not be removed before parts are assembled as the thin coating is compatible with most lubricants and does not interfere with subsequent welding. It is stated not to affect the performance of rubber or plastics.

Available in 600 gramme aerosols, or 5 or 25 kg drums, it must be applied to clean dry surfaces. Application is by dip, spray or brush. Dipping produces a film 0.0002 in. thick. For additional protection further coats can be applied by brush or spray.

U.K. office is at Reading Bridge House, Reading, Berks. RG1 8PW.

CONTRACTS AND TENDERS

TYRE FACTORY, TAGURA AREA, LIBYAN ARAB REPUBLIC

- The General National Organization for Industrialisation invites International and first class local contractors to participate in the above tender, namely the Execution of work for a Tyre Project at Kilometer 17 Tagura Area, and which comprises the following:
 - Site Levelling works
 - To include excavation, filling and compaction work in accordance with the conditions indicated in the tender documents
 - Structural and masonry works comprises the following:
 - Production hall with a total surface area of 47,712m². This includes a metal frame on a part of which the building for the mixer and the mills shall be constructed to a surface area of about 8,840m², and three storeys of concrete ceilings borne on metal structure.
 - Industrial services building on a total surface area of about 1,536m², the ceilings shall be iron truss borne on concrete frame.
 - General services building on a total surface area of 7,300m² of a concrete frame. The project shall be established on a surface area of 300,000m².
 - All works shall be according to the specifications and drawings attached to tender documents. Tender documents are obtainable from supplies department of the General National Organization for Industrialisation against payment of L.D. 500.- (five hundred Libyan Dinars). The contractor may apply for an extra copy of the documents against payment of L.D. 300.- (three hundred Libyan Dinars) both not to be reimbursed.
 - Tenders should be submitted in the name of G.N.O.I. not later than 12 noon on 13.8.75 which is the date of submitting the tenders. The opening of the tenders will take place at 10 o'clock on 14.8.75.
 - Tenders must be accompanied with a provisional guarantee deposit of L.D. 100,000.- (one hundred thousand Libyan Dinars) in the form of either:
 - Letter of guarantee issued by a first class Libyan Bank, and valid for 3 (three) months from 14.8.75.
 - A cheque acceptable to Libyan Bank.
 - Tenders submitted after the date and time as specified, or those not accompanied by the provisional guarantee deposit, will not be considered.
 - All foreign companies are requested to accompany their offer by a letter stating their financial and commercial status authenticated by the chamber of commerce and duly verified by the L.A.R. competent consular service. If any false information is given the Organisation will cancel the offer and liquidate paid bond.
- The General National Organization for Industrialisation, P.O. Box 4333, Tripoli, L.A.R. (Cable Address—TASNALIBYA) El-Sheret/Fahmy

INVITATION TO TENDER

TENDER NO. 55/9/1/75 SHARJAH—RAS AL KHAIMAH (SECOND CARRIAGEWAY)

The Ministry of Public Works invites suitably experienced contractors to tender for the construction of the Sharjah-Ras Al Khaimah second carriageway.

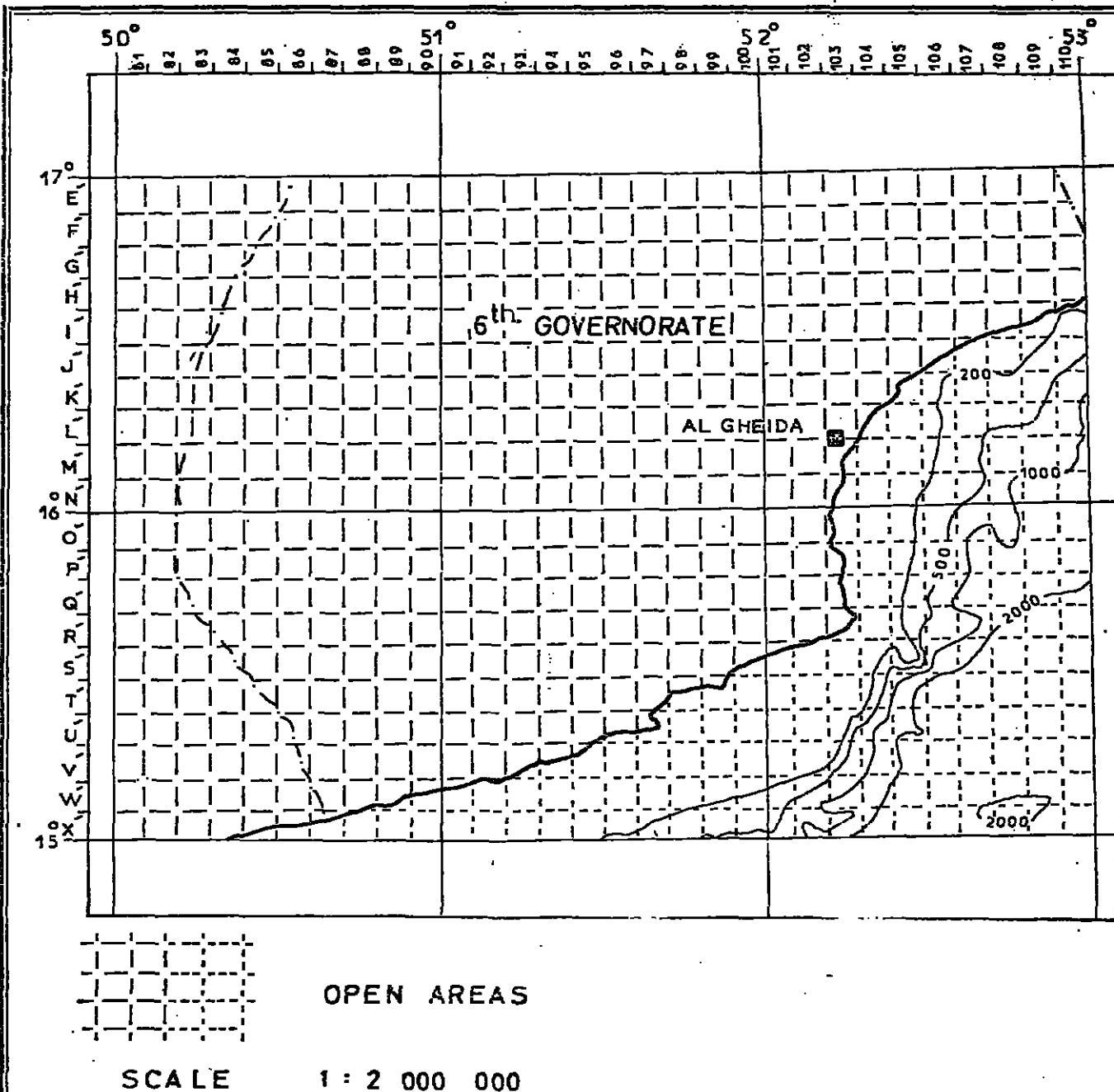
Tender documents may be obtained from the Ministry's offices in Abu Dhabi with effect from Saturday 14.6.75 against a non-refundable fee of DH.5,000 (dirhams five thousand only).

Completed tender should be accompanied by a tender bank guarantee valid for 90 days for the sum of DH.1,000,000. The successful tenderer will be required to provide a 10 per cent performance bond valid for the contract period.

Completed tenders should be submitted in three copies (original and two copies, duly signed and stamped by the contractors together with all the tender documents and drawings, including the required tender bank guarantee. These should reach the Ministry within sealed envelopes displaying the subject and number of the tender on the front of the envelope, not later than 6 p.m. Sunday 3.8.75, and addressed to:

The Ministry of Planning, Permanent Projects Committee, Abu Dhabi (Behind Al Khubarah Building No. 12).

Tenders arriving after this time and date will be rejected. The Ministry is not bound to accept the lowest tenders. This invitation must be read as part of the tender document. Hamdan Bin Mohammed Al Nahyan, Minister of Public Works, United Arab Emirates



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PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN (P.D.R.Y.) — PETROLEUM AND MINERALS BOARD (P.M.B.) announces the offering of the above shown open areas in Al-Ghaida region of the 6th Governorate:—

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- Old data are available for investigation at P.M.B. Office — Aden.
- Please communicate before end of August 1975 with:

P.M.B. CHAIRMAN

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CONTRACTS AND TENDERS

Appear Every Monday
For further information

Contact: Rosemary Andrews

01-236 0107

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Plastic or rubber Vickers Transfixer El50, new 1971, complete with 250hp Thyristor drives (4 off)	£15,000 each	06284 71555 Telex: 923969
N.C. Flexwriters for Punching N.C. Programme Tapes—Rebuilt with 2 year Guarantee—Save up to 50%	Prices from £895-£1,350	Dudley (0384) 57453
Fork Lifts, Fully Renewed, large selection, 6 months warranty	P.O.A.	01-572 3451
Purchase and Sale of Reconditioned Rolling Mills, Wire Drawing Plans, Levelling, Slicing and Coil Processing Equipment	P.O.A.	021-556 0904
Dunford and Elliott Rotary Louvre Dryer 47' dia. x 14'	£1,500	01-253 6000
Wiedemann Turret Punch Press S.1528 GEC Century Control Unit 15 tons capacity 1971	£14,000 +VAT	01-606 7051 Ext. 8
Ravensburg Face Plate Lathe Model P20-823	P.O.A.	061-339 3221
Herbert De Vlieg Spiramatic Jigmill, Boring, Drilling and Milling m/c. Series 43H/48 with Datrol Mark III Numeric Control System, 1967. Immaculate condition	£36,000 +VAT	01-228 6555
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Clearing Type F/4700/168, Single Action, Four Points Suspension 700 Tons Power Presses.	£65,000 +VAT	01-228 6555
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هكمان النجمل



Building and Civil Engineering

Key role for Halcrow

THE MINISTRY of Communications in Saudi Arabia has appointed Sir William Halcrow and Partners to carry out site investigations and prepare tender documents for the first stage of a new port at Jubail, 90km north-west of Dammam.

This port will serve a new industrial complex, involving an iron and steel works, an aluminium smelter, oil refineries and petrochemical plants.

The port of Jubail, which will form a key element within this concept is to be divided into a commercial and an industrial area, each to be developed independently of the other. The first two contracts for over £300m. have been let to Dutch contractors.

One is for dredging and reclamation in the proposed commercial area, valued at £125m. and has been awarded to Royal Adriaan Volker Dredging Company. The other for dredging and reclamation in the industrial area valued at £180m., has been let to a joint venture of Van Hattum, Bos Kalis and Zanen Versteep.

Fuel saved for the Government

INSTALLATIONS in Government buildings of Honeywell fuel-saving controls for heating systems have passed the 1,500 mark, the company has announced.

The buildings involved are managed by the Department of the Environment's Property Services Agency, which has worked with Honeywell's Commercial division since 1971 in testing and developing the application of heating control systems to intermittently occupied buildings such as office blocks.

Optimum start controllers, manufactured at the company's Belshill, Lanarkshire, factory are the basis of the systems which work on the principle that an intermittently occupied building should be heated sufficiently to ensure an adequate level of comfort during the period of its

It is understood that a further contract, for the first two deep-water berths in the commercial area and for part of one of the two new armoured breakwaters, is now under negotiation and likely to be let shortly. The berths should be operational late in 1978 and the value of the contract will be about £55m.

Still within the commercial area, Sir William Halcrow is to go ahead with the design of a further 14 general cargo berths, and to draw up documentation necessary to invite tenders before the end of this year. This will mean that the commercial area will offer a total of 16 berths, half with a 12 metre and half with 14 metre draughts.

Causeway

The berths are to be sited along a 9km. long causeway which will carry a access road, all main services, including fire-fighting installations, and a large pipe-track for a number of incompatible petrochemicals and other products likely to be

occupancy—but not when it is unoccupied.

Thus the system takes into account the various factors affecting temperature inside a building—for example, the thermal characteristics of the building, the capacity of its heating plant, and the outside temperature—in order to start the heating plant at the right moment to have the building warm when people start arriving for work, and so as to shut down the boiler as early as possible.

The Property Services Agency has analysed the performance of the first optimum start controllers to be installed, and indicates that average fuel saving achieved by the systems is 25 per cent. Based on the cost of the systems and the cost of heating fuel at the time the study was carried out, the PSA reckoned that the optimum start controllers would pay for themselves in two years. Since then, the rise in fuel prices—particularly oil—has meant that a high proportion of building owners will see their investment in heating controls recouped in just one heating season by the fuel savings that the controls achieve.

Services in a bank . . .

MARRYAT Jackson Norris (Marryat Group) has won a £573,000 contract to design and install mechanical, electrical and plumbing services for the new National Westminster Bank building in Spring Gardens, Manchester.

Comprehensive services are included in the contract—air conditioning, low pressure hot water heating, domestic hot water, mains cold water, tank cold water, supply and extract ventilation, gas, electrical lighting and power supply and distribution, and sanitary engineering.

Detailed design work for the development is being undertaken by MJN in NatWest requirements. Architects for the project are Arthur Swift and Partners and consulting engineers, P. C. Foreman and Partners of Nottingham.

and at a terminal

AIR CONDITIONING and building services at the Phillips Norway Group/Statoil crude-oil terminal at Teesside are to be provided under a £1m. contract by Rosser and Russell (North-ern).

A completely controlled environment will be designed for four key computerised control centres while hot and cold water supplies, control wiring, and other services will be provided for a total of eleven buildings. Completion of the Teesside order is required by November this year.

Glazing to resist bullets

A NEW concept in bullet-resistant glazing was given its U.K. launch at a demonstration "shootout" at Bideley last week. Lexgard, the bullet resistant sheet has been developed by General Electric of the U.S. in response to increases in attacks on buildings, in particular banks, cash points, department stores and areas where employees handling money are vulnerable. Lexgard is a composite sheet offering unbreakability and resistance to vandalism attack. It has a weight factor of 60 per cent. less than bullet-

Patches potholes

DELAYED SET patching material, stated to be suitable for a range of applications, from use as a heavy duty emergency material for airport runway repairs to trench reinstatement, overlays and bridge repairs, has been developed by Lion Emulsions, St. Nicholas Street, Hereford HD4 0BB (0432 55401).

Called Biturete, it can be stored in loose bulk form for three weeks, eliminating the normal wastage with delayed set materials. The maker says it can be applied to potholes or trenches, which have not necessarily been cut back, and immediately after compaction can carry heavy traffic. It can be laid in wet and dry conditions, and will feather out to very thin layers.

It is made with a combination of aggregates graded from 1 inch down, with more than 60 per cent. passing 1 inch and 6-8 per cent. passing 200 mesh. It is coated with about 84 per cent. of a special binder.

Making the terra firma

WIMPEY Laboratories has been appointed geotechnical consultant to the Central Bank of the Dominican Republic for the supervision of a soil compaction contract. This will involve repeated very high intensity impacts to the soil, the results of which will be monitored by specially developed instrumentation.

The Dominican Republic lies in an area of the Caribbean in which earthquake activity is likely. The loose saturated granular soils there are liable to come into a liquid (or quicksand) state during earthquakes and the purpose of the contract is to increase the relative density or compactness of the soils and so reduce the risk of structural collapse of buildings to a minimum.

Roof tile underlay

ROOF TILE underlay material introduced by British Celspanne, Bath Road, Bridgewater Somerset TA8 4PA, is said to give architects, roofing contractors and builders a cost-effective way of complying with British Standard Code of Practice C.P.142 "Slating and Tiling".

Known as Tilec 200 P, it is a black, micro-perforated polythene sheet, available in rolls 1 x 50 metres, weighing about 2 kg. The micro-perforations are

Urban roads in Libya

CONSULTING engineers, Rendel Palmer and Tritton, have been engaged by the Municipality of Tripoli in Libya to carry out preliminary studies and detailed engineering design for two urban roads in the city area.

The roads will be 40 km. in total length and will relieve the city centre of through traffic. They will have dual carriage-ways with grade separated junctions at major intersections. The assignment is expected to take 13 months to complete.

The firm is also currently engaged in Libya on the detailed design of 15 km. of urban roads for the Benghazi Municipality and on the design and supervision of construction of port facilities at Misurata, Derna, Marsa Brega, and Benghazi for the General Ports and Lights Authority of the Libyan Arab Republic.

£2m. awards to Wimpey

OVER £2m. worth of housing contracts have just been won by George Wimpey.

The largest, from Basildon Council calls for the construc-

tion of 108 homes at Vange, at a cost of £1.1m. The project at Glenmere Avenue, includes 60 two-storey three bedroom houses and 48 three-storey three bedroom units, with 17 garages and 72 car ports.

Also included is a tenants' meeting hall, roads and sewers. In Leeds, the company is about to start on a £900,000 contract for 113 dwellings and a shop for the City of Leeds.

This project, at Pepper Road, will involve 32 one bedroom flats, 23 two bedroom houses, 48 three bedroom houses, 10 four bedroom houses and a shop.

Airport car parks and roads

THE BRITISH Airports Authority has awarded Tarmac Construction a £1.2m. contract for roads and car parks at Edinburgh Airport.

The 70-week contract includes site clearance, excavation and earth-works, laying of foul sewers and storm sewers, water main, telephone ducts and construction of 16,324 square metres of car parks, a gas governor house, water storage tank, and retaining walls.

Landscaping and street and car park lighting are also involved in the project, which is on land previously used for agricultural purposes on the west of the airport.

Expansion of airports in Sudan

DEVELOPMENT of three airports in Southern Sudan and of an alternative to Khartoum International Airport to be located in the vicinity of Port Sudan is being studied by Brian Colquhoun and Partners for the Director General of Civil Aviation.

Two of these developments, at Port Sudan and at Wau, involve the location and evaluation of possible new sites, whereas the

other two, at Juba and Malakal, envisage continued use of the existing airports. In every case development is required to meet acceptable international safety standards and to permit operation of jet aircraft.

Topographical soil and seepage surveys have been carried out at each of the sites and load deflection tests have been made on the runways at Juba and Malakal.

Master plans are being prepared for each of the airports including considerations of runway, taxiway, apron and terminal facilities together with ancillary buildings, power supplies, airport lighting, telecommunications, navigation aids and crash and rescue facilities.

£1m. grain silos

DREDGING and Construction in joint venture with Visser and Smit is constructing two grain silos, one at King's Lynn, Norfolk and the second at Sharpness, near Bristol. Each silo will hold 6,000 tons.

Value of the contract, which is being carried out for Ceres U.K. of Aylesbury, Bucks, is nearly £1m. Consulting engineer for the scheme is Mr. J. H. Timmer of Groningen, Holland.

Fail safe smoke door

MAGNETIC DEVICES has a "Stay-put" smoke door retainer designed to be fully compatible with modern electrical components such as 13A mains

sockets and domestic light switches.

This smoke door retainer is an electro-magnet having a very low residual force of only 2 lbf. The electro-magnet is mounted on a wall and a catch plate on the door. In the normal safe position with the electro-magnet energised, the door is held open with a retaining force of 30 lbf. The retainer is connected to the main fire protection system and a local door control switch.

In the event of fire the current to the retainer will be automatically or manually switched off and the smoke door will close. Should the alarm system fail, the smoke door retainer will operate as soon as the electrical supply fails or when the specially designed flexible coupling of its catch plate burns through.

It will operate from 240V ac or 240V dc, both versions, having a maximum power consumption of 5W. Insulation is tested, coil to frame, at 1,500V, 50Hz for one minute. Magnetic Devices, Exving Road, Newmarket, Suffolk CB8 8SN. Tel. 0504 3481.

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£2m. jobs for Miller Buckley

A £700,000 contract for the Tipton Brook diversion for the Metropolitan Borough of Sandwell is the largest of several contracts worth nearly £2m. awarded to Miller Buckley Construction.

Other contracts are for retaining a sewer for the Thames Water Authority (£430,000) for factory extensions in the Midlands and north-east and extensions to telephone exchanges at Kenil Green, London, and Stockton-on-Tees.

Power for Mauritius

ENGINEERING and Power Development Consultants of Sidcup, Kent, has been appointed by the United Nations Development Program, acting in conjunction with the Government of Mauritius, to carry out feasibility and design studies for the development of the Quatre Sœurs hydro-electric power scheme.

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MONDAY, JUNE 30, 1975

Not too late to turn back

THE STATE of emergency in India, and the arrest of many standards of political corruption, can only cause dismay to all those who have for a quarter of a century valued India's extraordinary, almost unique, achievement in maintaining a functioning democratic system, despite the obvious hazards of an enormous population, a multiplicity of races, creeds and cultures, and the growing burden of grinding poverty. Mrs. Gandhi has now taken powers equivalent to those of a dictatorship, for motives which clearly have a lot to do with her personal attachment to political power, and it will not be easy for her to retract her steps, even if she wanted to. Yet it is still too soon to write off Indian democracy as a lost cause.

Constitutional

The most ominous sign is that Mrs. Gandhi has now suspended all fundamental rights under the constitution. In itself, the declaration of the state of emergency was perfectly proper in constitutional terms, however unjustified by the circumstances. The suspension of fundamental rights is not legal under the constitution, and suggests that Mrs. Gandhi may be prepared to go a long way, regardless of the law, in order to safeguard her own position. Those of her opponents who have been imprisoned will not be able to appeal to the courts, and that in turn means that the independence of the judiciary, one of the keystones of India's political achievement, is indirectly threatened.

The one slight remaining hope lies with the Supreme Court, which on July 14 is due to hear her appeal against conviction for political corruption. If the Court is allowed to sit, and if it clears Mrs. Gandhi, there just may be a way back. If it upholds the conviction, which would carry dishonour from elective office for six years, Mrs. Gandhi's only chance of hanging onto power will be through unconstitutional methods. The case for acquittal

Unemployment and trade unions

ONE OF the six points of the TUC package issued by the General Council last week is the halving of prospective levels of unemployment, by which is apparently meant a target of 500,000 by the end of 1976. It will be tempting for Ministers and Opposition leaders alike to avoid facing this demand frankly and take refuge in statements of good intentions which they are pretty sure cannot be fulfilled. The trouble with this approach is that it becomes devalued if it is used too often. There would be less trouble in the end if the obstacles to achieving the target were stated candidly.

Practical

This should be easier to do after the publication by the Institute of Economic Affairs of a Paper by Professor Milton Friedman, 'Unemployment versus Inflation?'. Unlike some academic work, this is of immediate practical application. For it explains why Governments do not possess the power to spend the country into any level of employment they desire. The conventional answer, that this would risk pricing British goods out of world markets, is not in itself convincing in a world of floating rates, whether 'clean' or 'dirty'.

A slightly better answer, which was believed for many years, was that countries had to pay for a lower rate of unemployment by a higher rate of inflation. Economists who believed in this tradeoff were fiercely attacked for being callous or mechanistic. But the real trouble with the tradeoff theory was that it was too optimistic. It assumed that the normal state of affairs was one of price stability. If trade unionists and employers are rational they will look at real and not just money wages. When people believe that prices are rising by 25 per cent., an overall balance in the labour market will be associated with wage increases of about that order. Professor Friedman's main practical contribution has been to show that low unemployment produces not inflation, but

Restrictions

Last time unemployment neared 500,000, at the peak of the 1973 boom, effective vacancies far exceeded the available unemployed; and even if there had been no political clash between the unions and the Heath Government, inflation would have accelerated. One reason why the sustainable rate of unemployment is higher than it used to be is that benefits are much higher in relation to income. This change may be desirable. But there are other quite unnecessary obstacles to a lowering of the unemployment rate, such as rent subsidies and controls which discourage workers from moving to jobs, but which are insisted upon by the TUC. Unions restrictions on entry into jobs, or attempts to sustain traditional wage differentials in the face of a changing labour market, also push up the unemployment rate. The objection to printing money as a solution is not that it is anti-Friedmanite, but that it will not work.

Public expenditure: Continuing our series on possible cuts, Colin Jones looks at transport policy

A difficult journey towards greater viability

TO bring about a smaller increase, let alone a reduction, in real public spending on road and rail transport will require far more than a temporary halt in the flow of new road building and maintenance contracts. This may have been one of the easiest and surest ways of cutting back at one time. But public transport's growing appetite for revenue subsidies and new investment now absorbs almost half all public spending in this sector. This is double the proportion four years ago, and it makes the task of paring back much more painful politically.

The change in spending priorities was deliberate. It stems in part from the 1973 decision to treat the whole of British Rail's passenger services as a "necessary railway," to be supported both by large revenue subsidies and a bigger re-equipment programme. It also reflects a similar approach, adopted even earlier, to local public transport services. Local road building has been cut back as much as the national programme, and more money is now being spent on local bus and underground services. The counties have been given more say in the planning and financing of their local transport expenditure. And in London and other big cities public transport fares have been pegged—in the mistaken belief that this would make the services more attractive.

Public expenditure on transport has as a result been growing rapidly. In the last four years the real annual increase has averaged about 7 per cent. Road expenditure is no higher now than four years ago, but investment in rail and other forms of public transport has been stepped up by 16.17 per cent. a year and the bill for "revenue support"—the new jargon for subsidies—has risen by no less than 41 per cent. a year. These figures could even be underestimates. The out-turn for this year and last is not yet known, and as is clear from the tables, the final out-turn can be a good deal higher than the original estimate.

Directing the axe elsewhere

It would be easy for the Chancellor to cut back further on the provision for new investment in roads and public transport. But there are several reasons why he should first direct his axe elsewhere. First, it is not capital spending that is out of control. Departmental Ministers have all the powers they need to control capital expenditure by British Rail and local authorities, while the trunk road programme is Whitehall's own direct responsibility. Second, investment expenditure as a whole has

hardly increased in recent years. Next year, following the cuts announced in Mr. Denis Healey's last Budget, the provision will be lower than this year. Third, it is generally far more sensible to spend money on new or improved facilities than to subsidise fares.

Even on the railways, where 70-80 per cent. of current investment is replacement, most expenditure is on items like continuous welded rail, power signalling, and improved rolling stock which will for should save manpower. But it is in the road sector where the economic case for avoiding—if possible—further cut-backs is strongest. The forward provision for new investment next year has already been cut by over 40 per cent. in the last 2½ years and road contractors are working well below their capacity. There are still innumerable gaps in the strategic road network—access to the ports and "historic towns"—by-passes for example—which will not now be completed before the mid-1980s at the earliest. Yet road transport carries 80-85 per cent. of all freight (other than fuels and steels) hauled over distances greater than 100 miles, and there is very limited scope for transferring it to rail without adding to the 6.7 per cent. of industrial costs which are absorbed by transport.

Much harder to cut

Moreover, it is revenue spending—and especially the rapidly rising bill for fares subsidies—which is the main problem. This, of course, is much harder to cut back. Once bus and rail fares fall behind costs it is never easy to close the gap. If the deficit is to be reduced, fares have to be raised faster than costs—and faster than prices generally.

Nevertheless, the rate of escalation in the subsidy bill has been breathtaking. Estimates of the amount of grant needed by British Rail's passenger services have been revised more or less continuously since 1973. The latest figure for this year, which was announced last December, is £341m. in revenue grants plus £30m. or so from local authorities (for commuter and other local rail services) and a further £97m. from the Exchequer to help fund the railway's pension liabilities. Even before the latest pay settlement it was plain that this would not be enough. Under the old grant system, nearly £400m. had to be pumped into British Rail last year. The 1975 total could easily exceed £500m. And unless something is done soon, the bill could reach £1bn. in another three or four years' time.

MEN AND MATTERS

Union chooses a local gap

Michael Healey will be doing The Walk in the afternoon, but does not expect to wear his top hat, though that will be prominently displayed on the desk in his office just off Edinburgh's Charlotte Square. It is possible that his mode of operation will change between now and August 5 when Union Discount becomes the first of the 11 August discount houses to open up in Scotland. Union, as the biggest house, is still keen on the tradition that its personnel should be seen complete with traditional silk top hat when they make the daily personal round of City contacts (The Walk) in the course of business. It must be said that not all Union's smaller colleagues continue to so insist nowadays.

After 1973, which was for most of the discount houses the grisiest year in memory, life in Union's business in the short term markets for bills of exchange, Treasury and Corporation Bills and Certificates of Deposit has improved markedly. The company's profits last year rebounded to £3.57m., expressively enough, the loss in 1973 had been £3.57m. Union points out that discount houses are really the last institutions to be represented in Edinburgh, flush as the place is with new oil-related activities and the established financial houses, notably venerable but large investment trusts. One particular area for discount people is the increasing business developing in local authority Bills following the reorganisation of authority areas and increases in expenditure. So, believing that Scotland is just ready for specialists in the short-term investment paper market, Union has found its own modest diversification route. It is not the first house to venture

beyond the City. A notable step at the end of last year was Gillett Brothers' opening of an office in Dubai. Union is politely sceptical of the value of seeking Arab funds, preferring the more local gaps in finance needs, and stressing the way the Scottish banks' views have been sought and how there will be collaboration with them rather than competition.

Healey, 35, who will be the resident Edinburgh representative, has been with Union since 1981 and acquired a reputation for good golf. Watching over things from London will be his managing director, Graham Gilchrist, a Scot who shifted over from merchant bankers Baring Brothers four years ago. He reckons two years will see whether the new office is worthwhile—in the meantime, he has slight hopes that Healey will be persuaded to don the top hat for Charlotte Square's benefit.

Guest list

After next week's National Union of Mineworkers annual conference, the militant Yorkshire area of the NUM will be holding its summer school at Bingley, when miners nominated from individual branches gather to debate the political and industrial scene. Most of the speakers are no surprise, and will include the local union leader, Arthur Scargill, and Lawrence Daly, the national general secretary. Also there will be Jimmy Reid of Upper Clyde fame; he is just finishing as Rector of Glasgow University and is a candidate for the Engineers' Union national executive seat vacated by John Boyd, now general secretary. Choosing a woman speaker for such company could have proved tricky. The Yorkshiremen have plumped for Vanessa

PUBLIC EXPENDITURE ON TRANSPORT

WHERE THE MONEY GOES (AT 1974 SURVEY PRICES)

	1971-72	1972-73	1973-74	1974-75	1975-76	Average annual % change
INVESTMENT						
Roads	682	642	712	647	622	-2.0
Rail	112	131	143	143	197	+16.0
Other public transport	93	133	143	141	171	+17.6
CURRENT						
Subsidies						
—rail	93	125	192	291	317	+37.1
—other public transport	32	39	34	135	144	+74.1
Road Maintenance	125	164	228	426	461	+41.4
Administration	318	340	347	327	336	+1.5
	83	84	90	108	109	+7.3
TOTAL	526	588	665	861	906	+14.4
TOTAL	1413	1494	1663	1792	1897	+7.6
of which local authorities	774	819	858	914	915	+4.3

Source: Public Expenditure to 1978-79: Command 5879

*Road and rail transport

ANNUAL REAL GROWTH

ESTIMATE AND OUT-TURN

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Estimate before start of year							
3½ years before	4.2	3.5	3.5	4.1	1.1	1.5	
2½ years before	4.5	3.9	3.3	3.7	2.3		
1½ years before	6.6	5.8	4.0	4.8	3.5		
1 year before	9.0	4.2	4.0	5.9			
Estimate during year	14.7	17.5	7.7				
Out-turn							
1 year later	4.6	11.3					
1½ years later	5.7						

Source: Annual Public Expenditure White Papers

Just as starting, although perhaps not so widely realised, is the upsurge in revenue subsidies for local public transport. The new grant-aid arrangements for local transport expenditure require the counties, as transport authorities, to submit each year a comprehensive account of their transport policies and programmes. When the first of these TPPs for 1975-76 arrived last year, Ministers were horrified to discover that the counties were proposing to spend 37 per cent. more in real terms than in 1974-75. No doubt this in part reflected some competitive over-bidding, but it was not the only revelation. Low fares policies had resulted in a bill for revenue support of about £100m. in cash terms in 1974-75 and, if policies remained unchanged, the cost this year would have been more than double.

The Government considered that it had no option other than to accept last year's bill as a fait accompli and to adjust the 1974-75 rate support grant settlement accordingly. But the level

of expenditure accepted for this year's new transport grant was cut back to 4 per cent. in real terms below the figure for 1974-75. A further 5.6 per cent. reduction has already been ordered for 1976-77. Capital expenditure has been sharply curtailed. The restoration of commercial viability in bus operations is general called for, the provision for revenue support increased by a mere 20 per cent. (in real terms) above last year, and the Government has said that it wants to see the subsidy bill halved (again in real terms) by 1978-79.

Putting policies into reverse

Will this be enough? It is true that low fares policies are now being put into reverse all over the country. The Greater London Council—whose revenue support for London Transport accounts for just over half of the national total—sanctioned

one fare increase in March and has called for another, of 26 per cent., in November. But a 6 per cent. increase in London Transport's costs is equivalent to 1p on the GLC precept. Capital charges are rising. And the council has calculated that, even if fares were raised by another 35 per cent. or so in 1976 and in the following year, the rate subsidy could still go up from 3.2p in the pound this year to 5p in the pound in 1977-78 if inflation remains unchecked.

Under the new arrangements, each county is free to choose how it spends its transport grant and borrowing allocation and how far it supplements these funds from the rates—although too blatant a departure from the programme set out in the latest TPP could lead to trouble when the following year's grant and borrowing allocation are being negotiated. This may well be a situation where it would be worth putting Government grants on a cash basis, instead of expressing them in real terms, and making retroactive adjustments in the light of actual cost trends.

It is ironic to find Ministers telling local authorities that there is little evidence of low fares attracting passengers to the buses and that low fares are not "an entirely effective way of helping the worst-off sections of the community." The point is just as valid with rail fares. Indeed, it might be even more pertinent since expenditure on rail transport appears to rise with family income. Either way, the pressure which Ministers have been putting on local transport authorities contrasts oddly with their mute reaction so far to the mounting deficit on British Rail.

Bipartisan support

It is true that present rail policy attracted and still retains bipartisan support. But there clearly has to be a limit to the subsidy bill. It may well be that, in the long run, British Rail will have to be run down to a basic rump of inter-city, commuter and freight train services. But that is not an immediate option. The transitional costs would almost certainly be heavy, because of redundancy payments and the delay in escaping costs. In the meantime, the scope for savings lies mainly in three directions: of rail services over and above those which people are prepared to pay for of their own volition, but it is not necessarily one of that size. At the present time, route closures are running at about 100-200 miles a year, or freight charges as fast as 11 per cent. of the total. A faster closure programme and it is steadily reducing its manpower and equipment. Since quickly, but every bit helps.

On the first two, British Rail has already made some progress. It is now pushing up fares and freight charges as fast as it can, and it is steadily reducing its manpower and equipment. Since quickly, but every bit helps.



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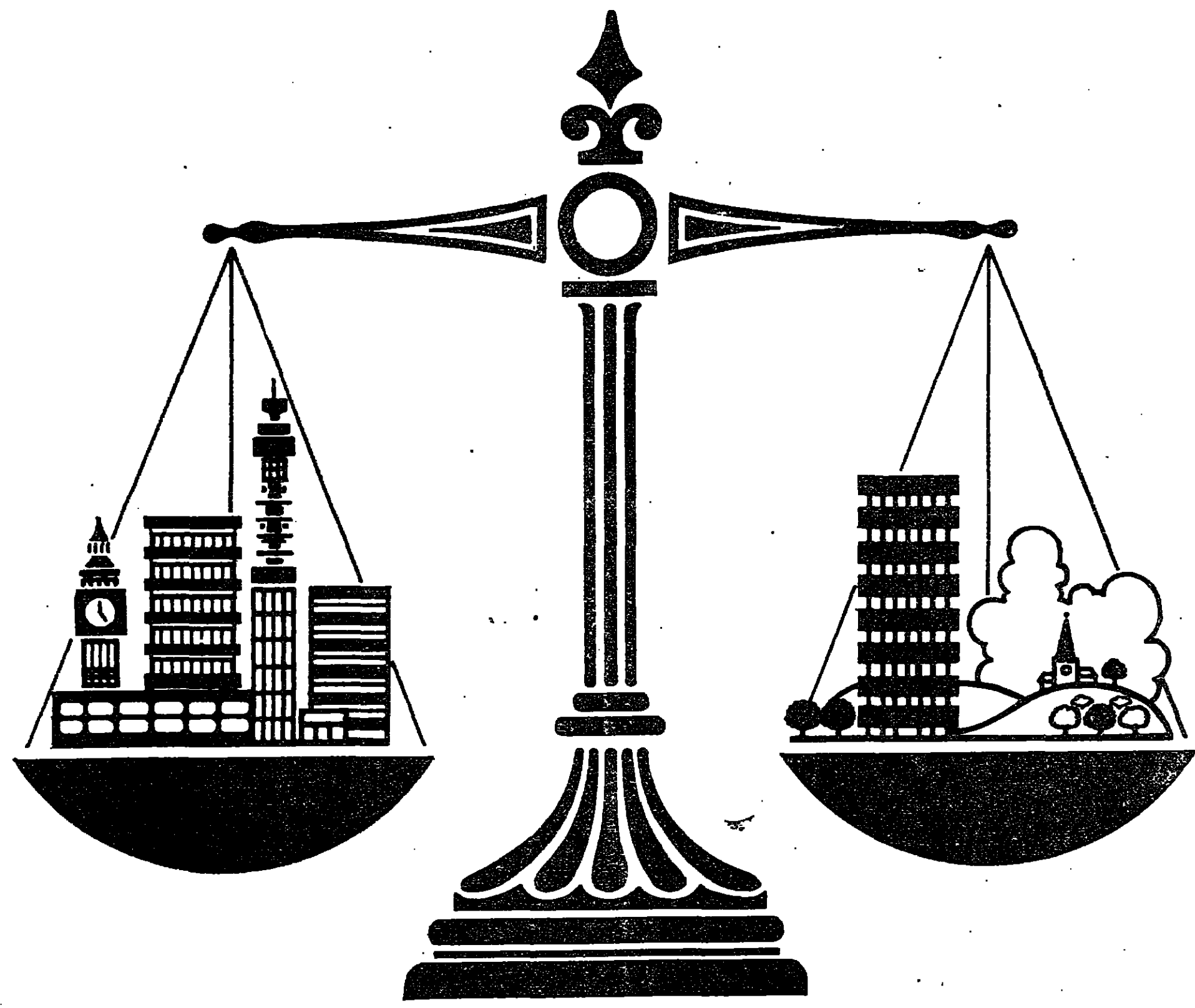
FINANCIAL TIMES SURVEY

Monday June 30 1975

PROPERTY

PART TWO

"Surveyors and developers are showing more willingness to suggest sensible long-term solutions; most of them seem to realise that until such a solution has secured a broadly based political support, the property world — and through it the economy at large — will continue to suffer."



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PROPERTY XIV

Dangers of a partisan approach

THE OWNERSHIP and development of land has always held a fascination for politicians—and for people seeking investment security or the prospect of a handsome capital gain. The fact that to-day we have one Bill on Development Land before Parliament and another soon to be presented (on the proposed Development Land Tax affecting land betterment) serves to underline the central place which land occupies in the thoughts of our politicians.

Over the past three decades we have seen the Uthwatt Report of 1942, drawn up by an expert committee and responsible for much post-war thinking on planning and development and a string of Labour government legislation: the Town and Country Planning Act of 1947, the Finance Act of 1965 (which introduced capital gains tax), the Land Commission Act of 1967, the Finance Act of 1974 (sponsored by a Labour Government but including Mr. Anthony Barber's Development Gains Tax and First Lettings Charge), now the Community Land Bill and soon the Bill on Development Land Tax.

The roll-call is lengthy and exceedingly depressing. For, with the single exception of the capital gains tax which eventually commanded all-party support, no Government legislation in this field has endured. At present the Development Gains Tax and First Lettings Charge still apply but they too are to be swept away when the Community Land Bill, piloted by Mr. John Silkin, Minister for Planning and Local Government, is passed by Parliament and comes into force.

The irony is that no piece of legislation could be guaranteed a more certain death at the hands of Labour's political opponents.

The truly remarkable thing about the Community Land Bill, which is the nub of the Government's present intentions towards land development and planning, is the broad span and the strength of the opposition expressed. Developers have been up in arms, as one might predict, but so have individual firms of property agents, the august Royal Institution of Chartered Surveyors, the Incorporated Society of Valuers and Auctioneers, the British Property Federation and the House Builders Federation. With the important exception of one of the principles underlying the Bill, virtually no support has been forthcoming from any of them.

The hostility extends far

more widely than that, however. Various Chambers of Commerce have come out in opposition, so has the Law Society and Justice (the British section of the International Commission of Jurists) most of the Church leaders, opposition politicians and nearly all the commentators in the National Press who have turned their attention to this relatively ill-publicised Bill.

What, then, has all the fuss been about? Before one answers that it is worth pointing out that one of the two principles underlying the Bill is now widely accepted by most of the critics—something which may well encourage Mr. Silkin to think that the rest of the Bill will win converts once its virtues are seen to be working in practice. This principle is that the "community" (the local authority) should benefit financially from the increase in land values which occur when it grants a planning permission.

The Bill's second principle—that local authorities should be empowered to plan "positively" rather than, as at present, remain the recipients of other people's planning applications—is very much less widely accepted since many sceptics feel that local authorities are essentially incapable of fulfilling a "positive planning" role effectively.

These days it is rare to find anyone in the property world who does not accept the first of these two principles. It is even more difficult to find anyone who believes that the Bill will achieve the intended objective if it does reach the Statute Book. This is a truly frightening state of affairs since, whatever their shortcomings in the past, the men of the property world can at least be expected to know what will work and what will not. Their vote is emphatically one of no confidence.

Nothing

In outline the Bill initially allows local authorities to acquire land needed for "relevant development" net of the new proposed Development Land Tax which will start at 80 per cent, and later be raised to 100 per cent, so that by that time the land vendor will gain nothing more for his land than its current use value. At a later stage, local authorities will be obliged to buy all development land at current use value. Local authorities will have to build up land banks to meet their development needs for the coming ten years and, to fulfil this requirement and the other



Owned by the Legal and General Assurance Society, this Queen Anne house near London's Law Courts, has been let by Weatherall Green and Smith to Rhodia (U.K.), a subsidiary of the French chemical group, Rhone Poulenc

duties set out by the Bill, they local authorities for development will be given far greater powers of compulsory purchase. Private on the rates and one can under-stand why since the sums involved are enormous even according to the Government's own figures. When in full operation, the community land scheme is estimated to cost local authorities £300-£400m. annually in acquisitions for private development; administration costs are estimated at £50m, and the estimated annual capital disposals are estimated to be £300-£350m.

Even if these figures were fulfilled, there would still be

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the tricky matter of priming the pump to get the land acquisition programme under way and no one denies that this would involve a huge demand on public funds. It is here that legislation and reality begin to diverge so visibly that some people question whether the Bill can reach the Statute Book or, if it does, whether it will be brought into operation on April 6 next year as appears to be in the mind of the Government.

The Chancellor's determination to cut back public spending sounds daily more assured and certain: it seems almost inevitable that a new measure, not yet law, would be let through the net when many current spending programmes dear to the Government's heart are threatened with the axe. The next few weeks should help to make the Government's thinking towards the financial implications of the Bill a great deal clearer.

Administrative worries also loom large. In the first place, it seems highly unlikely that the developer with entrepreneurial flair and judgment who at present fulfils the task of site assembly, financing project management and perhaps sale of the completed property will ever be persuaded to work as a local authority employee. Yet unless men of entrepreneurial calibre are found the local authorities will have grave difficulties in fulfilling their new and onerous duties.

Furthermore, about 13,000 additional staff will be needed at local authority level and £400 at the Inland Revenue to handle the Development Land Tax. Once again it seems unlikely that these increases will willingly be approved at the present time by the Government's financial ministers.

Finally one comes to the economic problems. Development is already at a low ebb on the commercial and industrial fronts. No improvement can be expected in any case until the prospects for much higher rentals are strong enough to tempt developers back into the market. That day will take longer to arrive if (a) land owners will not sell their land because they believe that the 80 per cent Development Land Tax will soon be swept away, or (b) in cases of purchase by the local authorities, the deal offered by the local authority is financially unattractive or (c) the sources of long-term financing dry up because the institutions cannot obtain long enough leasehold from the local authorities. Perhaps the best way to sum up the fear shared by landowners, developers and the institutions is "red tape". The chances of speedy, sensible planning and development decisions being taken at local authority level are likely to be reduced still further.

It is possible to detect on a grand scale some of the chaos which may later be found in town hall if one glances at the Government's present operations concerning land legislation. The White Paper on Land last September was announced before the Doherty report on speeding up local government planning had been presented; the text of the Land Bill was presented to Parliament before an Advisory Group under Sir Dennis Pilcher was set up to advise the Secretary of State on matters related to land development; the Development Land Tax bill will be

presented by the Treasury (although it is an integral part of the Community Land Bill which is sponsored by the DoE) and it now appears that it will be preceded by a White Paper spelling out in still greater detail an explanatory document published by the Inland Revenue last February on the scope of the new tax. Initially it was intended to bring the Community Land proposals into effect next January but consultations revealed that many local authorities preferred commencement to coincide with the financial year. Furthermore problems with the Development Land Tax and the proposal to introduce a White Paper added to the pressure to allow the schedule to slip a little.

So far the arduous Committee sessions on the Community Land Bill have yielded only one major concession. Last week the Government accepted an Opposition amendment which will require local authorities to specify its reasons for acquiring land.

In addition it looks as though the churches may be exempted if they wish to redevelop now redundant church land and the National Farmers' Union have successfully won a concession which obliges local authorities to take the needs of agriculture and forestry into account in the purchase and control of land. But these are not major victories, given the broad scope of the Bill.

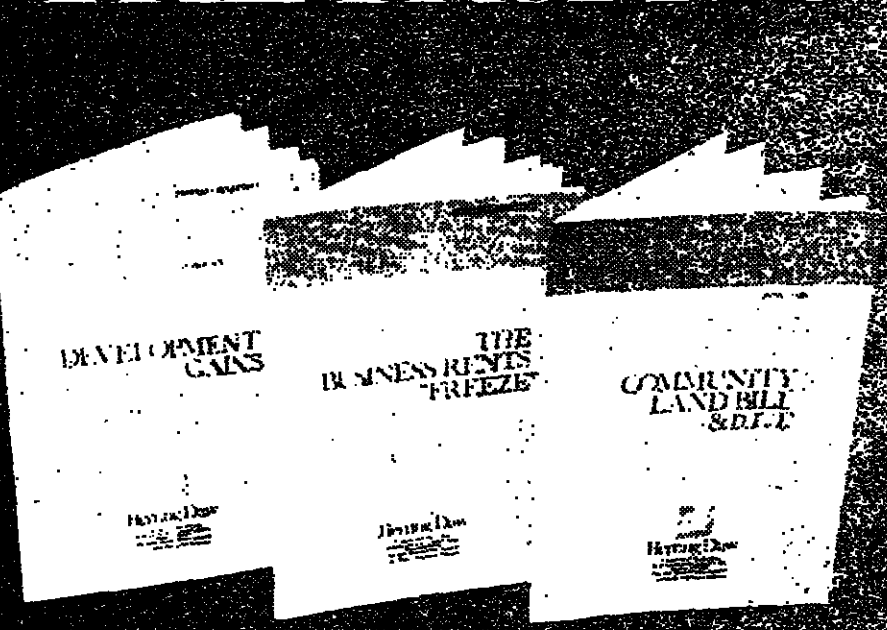
Perhaps the only lasting good done by the current legislation is that it has at last woken up many people to the dangers of a partisan approach to land. Surveyors and developers are showing more willingness to suggest sensible long-term solutions; most of them seem to realise that until such a solution has secured a broadly based political support, the property world—and through it, the economy at large—will continue to suffer.

John Trafford
Property Correspondent

The Development Land Tax is designed to cut the cost of land acquisition by local authorities during the transitional stage of the Community Land Bill. It will at first be at 80 per cent, rising to 100 per cent. However the Government faces a difficult ride to get it operational.

Development Land Tax

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SUCH HAS been the criticism attracted by the Land Bill, in particular the new Development Land Tax that the Government is finding it increasingly difficult to enact practical legislation that would be generally accepted. In the event the Development Land Tax which originally was intended to be part of a Land Bill package has now been postponed. The Government still, however, hopes to get a White Paper out by the summer recess.

The Development Land Tax is designed to reduce the cost of land acquisition by the local authorities during the transitional period of the Community Land Bill. The authorities would be buying land net of the tax that the vendor would normally be paying.

Initially the tax will be levied at 80 per cent, but it is anticipated that the rate will be progressively increased to 100 per cent as the authorities could up their acquisitional programme.

Development Land Tax in general will be charged on the difference between the disposal proceeds or market value with the benefit of planning permission for development where the charge is on the commencement of material development, and a base value which will be the highest of: (a) acquisition cost plus the cost of relevant improvements plus any increase in current use value since the date of acquisition, or April 6, 1965, if later; (b) current use value on disposal plus 10 per cent, plus the cost of relevant improvements; or (c) acquisition cost including improvements plus 10 per cent.

Structure

Allowances will be made for expenditure on costs of sales, etc., and alternatives (a) and (c) will not be available where the relevant acquisition was made before July 1, 1948.

The complicated structure of the Community Land Bill is bound to put severe strains on the local authorities. Indeed many local authorities have already expressed their doubts about administrative and technical competence as property developers. The Government argues that it will not mean big increases in staff but more redeployment. It is expected that when the Bill is fully

operational a staff of about 13,000 will be needed of whom only 4,000 would be professionally skilled.

The Royal Institute of Chartered Surveyors feel that compensation will be caused by assessing DLT centrally, in those areas where the local authorities employ their own valuers, at least four professional parties will be involved in valuations and assessments before the net figure payable can be determined. They state that the four parties involved would be: (i) the local authority valuer, who will negotiate the gross amount of compensation; (ii) the district valuer, who will presumably advise the DLT office on such matters as the appropriate figures to be adopted for base value; (iii) the DLT office which will make the assessment; and (iv) the vendor's surveyor.

The Institute further points out that in some cases the vendor's accountant will be involved and, if no agreement is reached, the Lands Tribunal. If the purchases cannot be completed before the exact amount of DLT is determined, the length of time between settlement of compensation and final payment could be unacceptable and discourage sales to authorities by agreement.

Few areas of the property world escape the implications of the DLT. The residential and the industrial commercial developer right down to the owner of office premises will all be affected.

It is generally felt the high level of tax proposed must eventually severely reduce the availability of development land on the market. The initial tax level of 80 per cent, is after all twice the rate at which the betterment levy was introduced under the Land Commission Act 1967. Land owners may well wait in the hope that a Conservative government is returned and the Bill abolished.

The lack of development land must hit the developer hard. Moreover the industrial developer will apparently be faced with a capital charge of the DLT at the commencement of his development, so that he will not only have to pay the tax but also carry the capital sum by a finance charge, or pay interest in respect of a deferred payment through the period of the development. This fact was stressed by Mr. Eric Davies,

senior partner of G. L. Hearn and Partners, in a recent article. Higher costs on development must lead to higher rents.

The Association of British Chambers of Commerce paid special attention to this point since it felt that the payment of tax at the start of the development rather than on disposal would act as a further inhibiting force compared to the present system as tax will become payable before the benefits from the development accrue. They hope that the spreading provisions contained in the Finance Act 1974 relating to first lettings, will equally apply to the payment of DLT.

The industrialist will, however, get a certain amount of relief. The exemption from DLT will apply to almost all development for the industrial use of land and the erection of new

industrial buildings and extensions to existing buildings. Relief, however, is limited to the time when the development is used for the industrialist's own use. Once disposed of, the property becomes liable to DLT. Given the possibility of higher rents it would therefore be more attractive for the industrialist to construct his own premises rather than re-rent space.

The industrialist will, however, find the popular sale and lease back arrangement far less attractive. In the past this proved a useful funding operation with the company selling the property, in most cases an insurance company or pension fund, and then leasing it back, thereby substantially improving liquid assets. If this transaction is carried out once the Bill is in force the vendor will immediately be deprived of the DLT

relief. Apart from the industrialist the few remaining exemptions are when the total value of disposals are less than £5,000 in any one year, when land is passed on, in the event of death, or as an outright gift, and for the owner occupier who sells or develops his sole or main residence. The latter point also applies to registered housing associations and charities.

Many other areas have of course yet to be clarified and it is this factor together with the growing arguments against DLT both in and out of Parliament that is making it increasingly difficult to draw up acceptable legislation. Clearly the Government is going to be faced with a difficult ride to get DLT operational.

David Wright

The Capital Transfer Tax to replace estate duty has had a hurried run through Parliament and has come in for fierce criticism and promise of repeal from the Conservatives. How it affects property owners.

Capital Transfer Tax

CAPITAL TRANSFER Tax has been described by Mr. Denis Healey as "Perhaps the most important single change in tax policy since the war." Certainly it would appear to have been the most controversial seen for a long time with heated arguments both for and against its introduction and replacement of state duty.

Admittedly estate duty, which was introduced some 80 years ago with the object of taxing accumulated wealth as it passed on from one generation to another, had to an extent turned into a "voluntary" tax as elaborate schemes were set up to avoid payment. However, there is a school of thought that condemns the new tax as an ill-conceived instrument of social change rather than a serious effort to overcome the loopholes of estate duty. Its hurried course through Parliament has led to an insufficient airing of the factors involved,

it is claimed. The Government counters with the view that circumstances prohibited green paper and Parliamentary Select Committee before legislation was produced such as the wealth tax received. Anyhow, the Government feels that it has got it right in its main structure, although of course amendments will be called for in future years.

Whether one is in favour of or against (or takes the view that the Conservatives if returned to power will repeal the tax as Mrs. Thatcher has indicated) for the time being is of little relevance; it is here as law so we will have to live with it. So how does this new tax work and what difference will it make to property assets?

Basically, on the understanding that there are many exceptions and exemptions, this new tax is levied on all "taxable

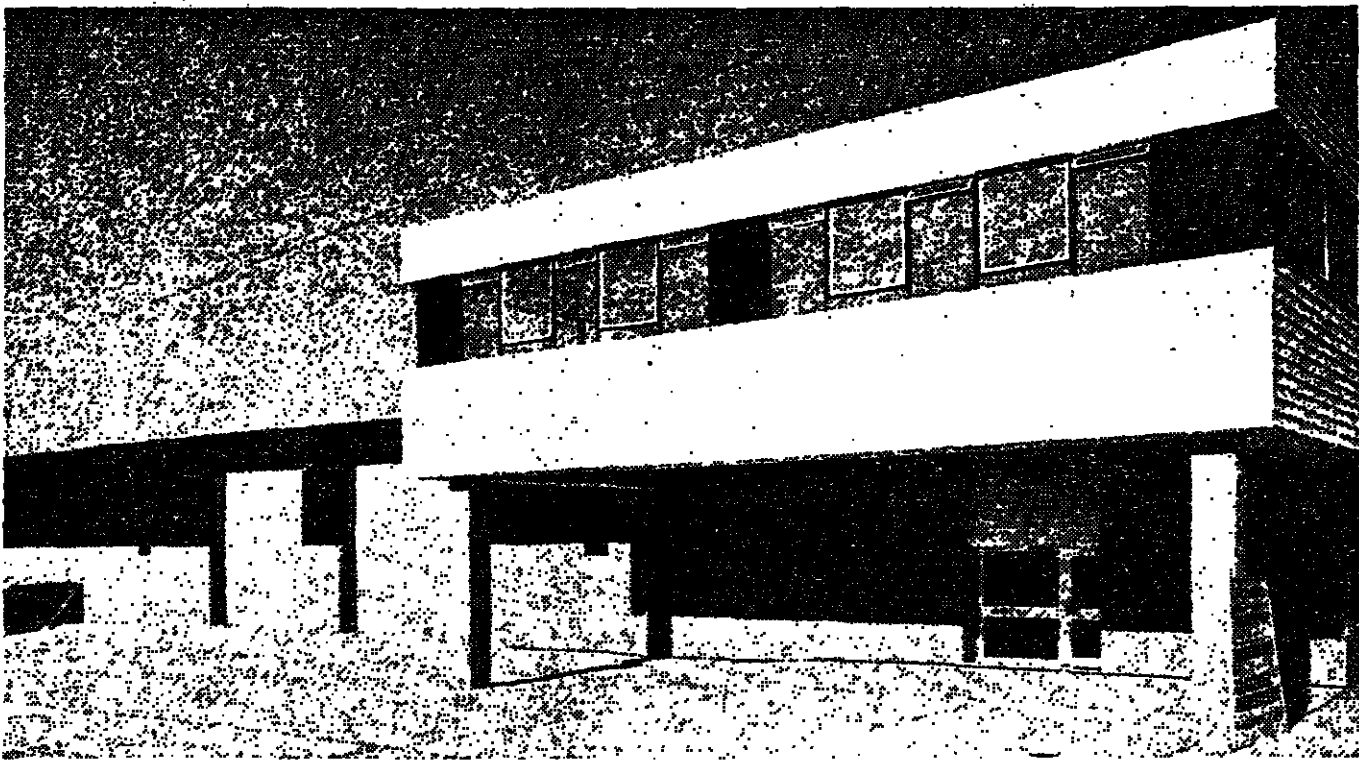
transfers" made from March 27, 1974. The tax is only a cumulative total of all transfers with the death of the donor taken as the final transfer.

The first £15,000 of transfers is free of tax, while the next £5,000 is taxed at 10 per cent (on the death of the donor) and then on the rate rises progressively to the highest rate of 75 per cent, on transfers of over £2m. On transfers made during the donor's lifetime the rate of tax is half of the level that it would be on death up to £30,000. From that figure upwards the rates converge until lifetime transfers over £300,000 during lifetime are taxed at the same rate as transfers at death. These different rates only apply if the donor lives for over three years after the time of transfer; falling that the full rates become payable.

A couple more points with

CONTINUED ON NEXT PAGE

PROPERTY XV



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The Community Land Bill, which is currently passing through Parliament, has been welcomed by most local authorities. Many recognise, however, that implementation of the new powers will impose a considerable strain on current resources.

Local authorities

IT WAS to be expected that the local authority associations could give the Community and Bill a warm welcome when it appeared in March. Indeed, some authorities went so far as to tell Ministers that they were already prepared to take up their full duties under the second stage of the Bill's programme when councils would be obliged to acquire all development land. There may have been doubts about the proposed sharing of the net revenue arising from the Development Land tax (or its equivalent in land purchase terms) between the Exchequer, the local authority concerned, and the pool for all local authorities as well as over the idea of a single land authority for Wales, especially from the Association of District Councils. There has also been a long list of suggestions from local authorities about particular detailed improvements in this or that aspect of the Bill's provisions. Nevertheless, it would have been churlish to say the least for local authorities in general to be grudging about the broad principles of legislation which would enhance their powers and role so dramatically and in so crucial an area.

The Bill is still in passage through Parliament, and so final judgment cannot yet be made. But many local authority leaders, at both elected and official level, are already expressing private worries about the difficulties they may face. The wide new powers of planning and land acquisition will add appreciably to their manpower requirements, particularly in some of the skills which already command a premium, and will impose a major strain upon local government's traditional system of decision-taking. The financial gains could take a long time to come through and may well be appreciably smaller than has been suggested by the Government's

Initiator

The Bill is much more ambitious than that, however. It is also designed to replace the present "negative approach" to planning by a positive one in which the local authority rather than the property developer will have the role of initiator and, indeed, entrepreneur. This might be understandable in terms of some aspects of Labour Party politics but the sensible approach to political change is to achieve step by step what might be generally acceptable at any particular time and thus to aim at what might presently

be expected to endure. As the Fabians once argued, there is an inevitability about gradualness. As it is, the bold, controversial nature of the Government's proposals has prompted a commitment from the Conservatives to repeal the whole measure, lock, stock, and barrel, at the first opportunity. In other words, the chances are that any arrangements made now to implement the Bill's provisions will have to be planned on the basis that they may be only temporary.

This inevitably will exacerbate the considerable administrative task the Bill will impose on local authorities. The Government's own estimate is that an additional 12,000 local authority staff will eventually be required in England and Scotland and a further 750 staff will be needed in Wales. This is not proportionately out of line with tentative calculations so far made by several individual authorities. But their figurings mostly assume that at least three-quarters of the extra requirement will consist of valuers, planners, and solicitors or conveyancing staff — categories which are all currently in short supply already.

But it is not only a question of recruiting the right people — on a permanent, temporary, or contractual basis. It is also a matter of evolving an administrative and decision-making system that matches the challenge of the new role and of developing a competence in site assessment, purchase, financing, and sale negotiation which hitherto has been apparent in the private sector but not, with due respect, among most local authorities. The local authority committee system, the patent lack of individual financial incentives, the absence of a need to approach decisions in an entrepreneurial — as distinct from a bureaucratic — manner, and the possibility of political

Tradition

It has to be said of course that these qualms are not universally held in local authorities, at official as well as at elected level. Nor is there any lack of a will, even among those who express doubts, to try to make the new system work. Thus, after all, is part of the local government tradition. But at this stage — and particularly in view of the present general economic situation of the country — the chances are that, even if the Bill gets to the statute book, the first stage during which local authorities — but will not be obligated to — acquire development land will last for rather longer than some of the Bill's supporters currently envisage.

Colin Jones

Capital

CONTINUED FROM PREVIOUS PAGE

CTT is that the tax payable is on the grossed up gift rather than the amount actually transferred, and secondly transfers between husband and wife are exempt.

Generally CTT is payable six months after the transfer took place, but in certain cases payment can be deferred for eight years and this is most important where it applies to owner-occupied houses which are retained in the family. Incidentally interest-free instalments are only allowable up to £250,000, for beyond that level interest is charged on the outstanding figures.

Having attempted to give the briefest of summaries on a complex piece of taxation, it may be worth mentioning that any serious student of the new tax should lay his hands on a book such as the guide produced by Robert Maas, ACA, of Stoy Hayward, which goes into the clauses of the tax in great depth.

Transferable

Anyhow, as regards residential property the value of the property would be taken into account for transferable purposes and the tax levied in the way described. But there is the important point of the eight-year time period for payment which may apply to the beneficiary. However, if your family home happens to be part of the "national heritage" CTT tax will not become payable as long as the premises remain open to the public. Unfortunately not many of us have

stately homes.

It was obvious to see that CTT could have borne heavily on say a fairly small family business, but the concession of paying over eight years interest free has been extended to business assets as well. This can save the beneficiary of the transfer from the need of selling the assets of the business in order to meet tax payments. For example if a man built up a business from nothing in 1965 to £250,000 and handed it on to his son three years before his death, capital gains tax and CTT would be payable of £75,000 and £40,750 respectively. But because the interest free

deferral of payment applies to both taxes, assuming the son agrees to take on the tax liability, he should be able to keep the business intact without selling off property assets. Agriculture is of rather a different nature, and the Government recognised that a farmer would be faced with special problems if he had to pay full CTT on the transfer of his farm land, where the value of the land bears no real relationship to its yield. As the legislation stood without concessions CTT would have the effect of leading to smaller and smaller farm holdings as land was sold off to meet taxation year time period for payment debts which could in no manner be financed out of profit yielded by working that land. It was with this in mind of the "national heritage" CTT that concessions to working farmers have been made although some still fear that the tax is a threat to farming.

The relief to full time working farmers is that the value of agricultural land will be reduced to 20 times its rental value, but the following conditions must apply before relief can be applied. First it must be agricultural property in the U.K., and this is spread to cover any woodlands occupied, where the occupation of the woodlands is ancillary to the agricultural land, and cottages and farmhouses. Secondly the farmer must have been wholly or mainly engaged in farming for at least five out of the preceding seven years prior to the transfer and three quarters of his income was derived from agriculture.

Limits

The relief is subject to the overriding limits that the value of the land does not exceed £250,000 or 1,000 acres, whichever provides the greater relief.

Critics point out that relief is precluded from the larger farms, which are often more efficient and have been encouraged by the Ministry of Agriculture by its policy of amalgamation. Also tenant farmers often lack the finance to become owner-occupiers and to a large extent rely on their landlords for capital to pay for improvements. Under CTT there seems little encouragement for non-working farmers or landowners to sink finance into their land, and so an increasing fragmentation of farm holdings would seem to be the fate of the industry.

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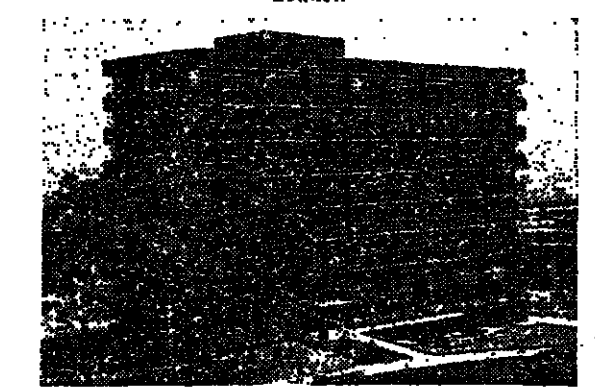
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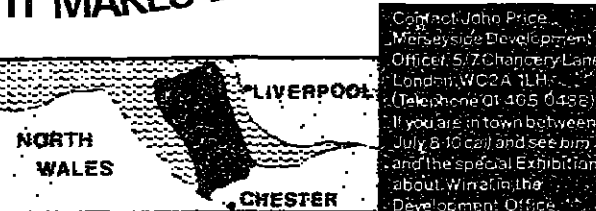
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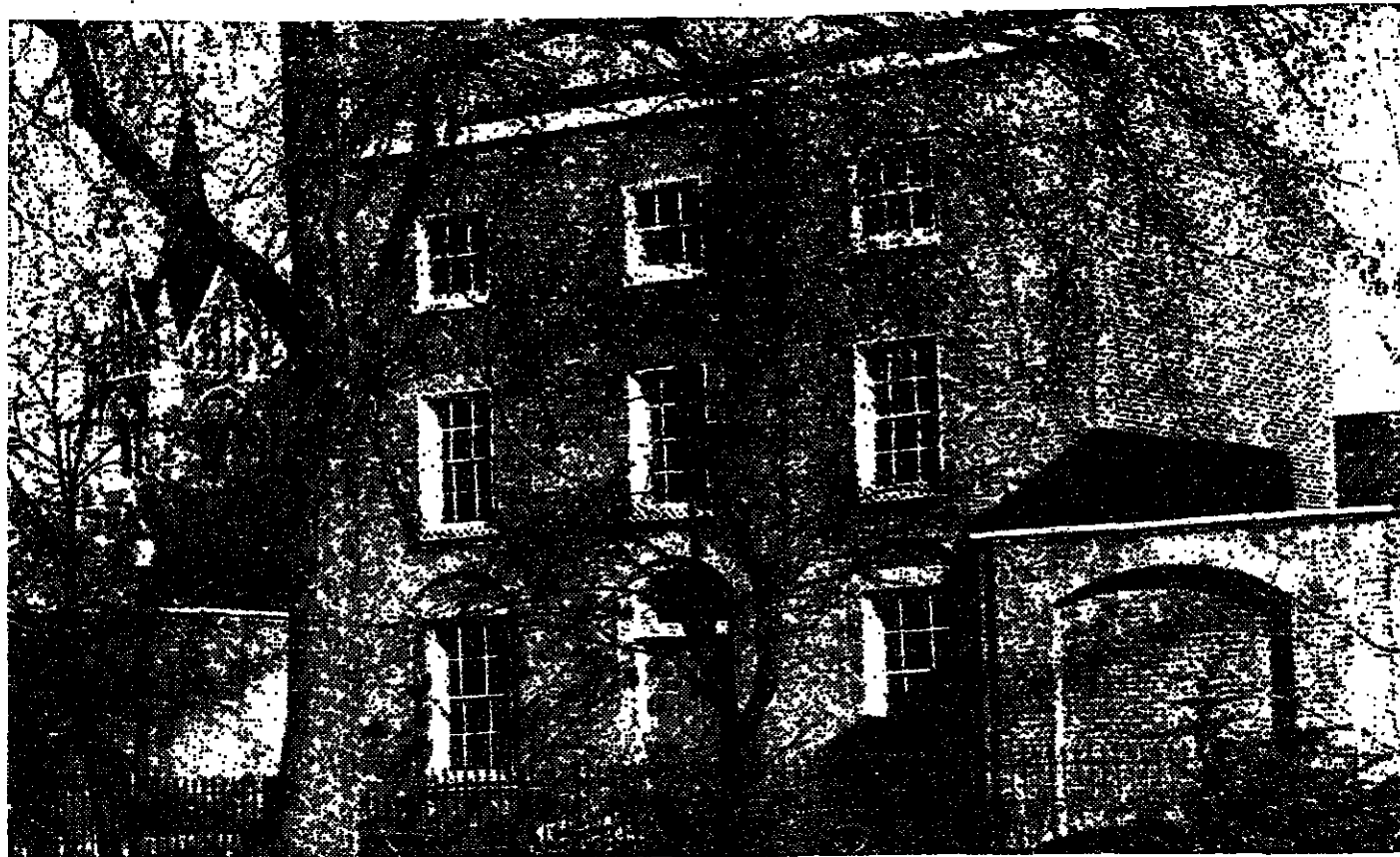
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PROPERTY XVI

Planning delays are a serious cause of concern to property developers. New measures to speed things up are under consideration, but even these, say the developers, would not make much difference. However, the Community Land Bill will alter many of the criteria on which decisions are based.

Planning controls



Northampton Lodge, an 18th-century building in Canonbury Square, Islington, restored and converted for office use under the direction of the local architectural partnership of Sir Basil Spence.

PLANNING IS one of the occupational hazards of the property world, but unlike most hazards that one can guard against, this one is unavoidable. Few people object to the basic principle that there have to be certain controls over what is built and where it is built, for one does not want to see office towers all over the South Downs or bungalows all over the Lake District. But a matter of public concern is the unnecessary delays in planning.

Most of the time spent from the inception to the completion of a development project is not spent constructively, but is wasted in waiting for local or central Government to make up its mind. Much of the rest is spent in arguing over details, which it could be argued, ought not to be the concern of laymen. The cost implications of such delays are enormous. If a £1m. project is delayed for a year, which is nothing unusual, that can add £120,000 or more in interest charges to the total bill, plus perhaps another £25,000 in fighting a public inquiry. In addition, by its delay, the local authority deprives its ratepayers of the rateable income from the development, which could be £50,000 a year.

Scandalous stories of planning delays and unreasonable conditions are legion in the property world, but few of them become widely known. However, there are signs that people are becoming more aware of their right to protest, though many do not yet know of the existence of their local Ombudsman. Under the Local Government Act 1974, a Commission for Local Administration in England was set up to investigate complaints of maladministration by local authorities. A similar Commission for Wales has also been set. These local commissioners are quite distinct from the Parliamentary Commissioner, whose duty is to investigate complaints about Government departments.

Since it was set up over a year ago, the English commission alone has received about 800 complaints, and more are coming in at the rate of 60 a week. Some have had to be referred back because they have not been made through a local councillor as the law requires. Others have had to be rejected because the alleged maladministration occurred before April 1, 1974, the starting date for the commission's work. That still leaves 267 cases at various stages of investigation, and the majority of these concern planning. In the first 20 cases on which the commission has so far reported, maladministration was found in 11. Only one of these concerned a delay in planning, and this was a matter of a planning permission that took four months to obtain, which tends to support the belief that it is only the large development schemes that are subject to extraordinary delays. However, paragraph 7 of the Town and Country Planning General Development Order 1973 says: "The period within which a local planning authority shall give notice to an applicant of their decision shall be two months." According to a survey by the Department of the Environment only about 50 per cent of all planning applications are decided within this statutory period, and most of these are for trivial matters.

Review

In an attempt to find ways of streamlining the planning machine and in order to obtain decisions more quickly, the Secretary of State for the Environment appointed Mr. George Dobry, QC, to undertake a one-man review of the development control system. His final report was published in February this year, but although it was welcomed with ill-concealed rapture by the property industry, it really offers little prospect that the present delays will be reduced, whether or not its proposals are overtaken by the Community Land Bill.

Notwithstanding the fact that only half the 400,000 or so planning applications a year are decided within the present statutory period of two months, the Dobry report proposes that the time limit should be reduced to six weeks for minor applications. On the other hand, for the more complicated applications, Dobry proposes that the

time limit should be extended to three months, or even six months in cases where it is thought necessary to have a special "impact study."

Potentially the most encouraging feature of Dobry's proposals is that the estimated 70 per cent of all planning applications that would fall in the category of minor would be deemed to have been given consent if the local authority had not issued a decision within the six-week time-limit. But this is less attractive than it seems, because the suggestion has not been received with much enthusiasm by the local authorities, and it is certain that most of them would issue a refusal instead of allowing a deemed consent to arise.

This would put the onus on the applicant to appeal to the Department of the Environment, who already take more than a year to hear the 12,000 or so appeals that arise because property owners are aggrieved at being refused planning permission or because the local

authority has failed to issue a decision within the statutory period of two months. If there are more appeals, they will simply take longer to decide.

The Government has been fairly non-committal about the Dobry report, because it has since published the Community Land Bill, which will substantially alter the whole basis of planning and development in Britain. However, it would be a mistake to think that the Bill makes Dobry's recommendations superfluous, for when local authorities who cannot make decisions in a reasonable time at the moment will be any better in the future, except that they will have a direct financial incentive under the Community Land Bill. But where the Bill goes wrong is in assuming that all local authorities recognise the need to ensure that the right development will be encouraged in the right place at the right time.

Some local authorities are almost totally opposed to new development, and many see

desirable development solely in terms of houses, schools, shops and factories, having little sympathy for offices or hotels. But even when they have acquired all the land that is likely to be needed for development within the next ten years, they are not going to be able to develop it all themselves, so there will be a need to use outside agencies, and inevitably all the present problems of aesthetic control will be perpetuated.

George Dobry shied away from the problem of aesthetic control in his final report, though it looked at the interim stage as though he was prepared to tackle it. Whatever the virtues of aesthetic control, or architectural censorship, the fact remains that a planning officer can never design a masterpiece—all he can do is prevent one being built. As Dobry himself admitted: "Perhaps the greatest defect of planning control is its failure to identify its own failings."

Michael Hanson

The system of regional incentives designed to create jobs in areas where they are most needed is a policy that has worked well in the past but which at present, during a recession, is proving less successful.

Regional incentives

FOR a good many years British Governments have followed a consistent policy of attempting to manage the distribution of people and jobs. When the concept of the European "golden triangle" of activity—formed roughly between the South East of England, Paris, and the Ruhr

—became popular in the sixties the government of the day reacted energetically to a feared drift of people to the South of England by redoubling its efforts to keep a happy, prosperous, and fully employed workforce in the north and west of the nation. This triangle has lost some of its sparkle recently but the present Government is no less conscious than its predecessors of a heavy responsibility to avoid an imbalance of relative prosperity between London and the South East on the one hand and the rest of Britain on the other.

The trouble is that all the devices that have been developed and honed to fine pitch in order to preserve the quality of life in, say, Teesside or Plymouth against the pull of the London area have to work best in times of national boom. Given an economic recession as now, they either falter along or fail to work at all.

During the past year the Government has paid out some £200m. on regional development grants for plant, machinery, and buildings; has spent upwards of £20m. on advance factories in the regions to entice in new industry; and has helped the regions with some £30m. in selective assistance to industry there, and some £200m. in regional employment premiums, favour of Common Market membership is also certain to be reflected by a rising tide of cash from various European sources for development in the regions. Well before the referendum-Scottish and Welsh interests were sounding out such agencies as the European Investment Bank and the European Community Fund to see how they would stand for future direct loans, thus by-passing Whitehall. The European regional fund itself will from this year produce a rising curve of investment in projects in the areas of high unemployment in Britain.

The weakness of offering financial carrots to persuade industry to relocate is showing itself now—as it has shown itself in the past in other recessions. The policy is dependent on the wish of industry and commerce to expand, build new plants, move into new offices. When industry and commerce marks time so to a large extent does the Government's policy for achieving balanced growth.

Sunlight

As the economic storm-clouds have gathered, few of the northern and western areas of Britain can claim to have had a good year in terms of promoting new job opportunities. However, there are some shafts of sunlight. The gentler, post-Benn version of the forthcoming Industry Bill which is now expected to emerge could be capable of giving a stimulus to regional development. The National Enterprise Board is being charged with a special responsibility to bear in mind the needs of the areas of ageing industry and high unemployment. Scotland and Wales, nations with peculiar and intractable legacies of industrial decline, will each be helped by their own Development Agencies under the Industry Act.

Britain's recent vote in favour of Common Market membership is also certain to be reflected by a rising tide of cash from various European sources for development in the regions. Well before the referendum-Scottish and Welsh interests were sounding out such agencies as the European Investment Bank and the European Community Fund to see how they would stand for future direct loans, thus by-passing Whitehall. The European regional fund itself will from this year produce a rising curve of investment in projects in the areas of high unemployment in Britain.

Even before the referendum was held European sources were involved in regular and growing financial operations in Britain. The European Investment Bank has lent for a wide range of investment in Britain ranging from a Thames tunnel and a whisky plant to new power stations and development of coal mines. The steel industry has also benefited from a stream of ECSC grants and loans.

The old problem of avoiding stagnation in the British regions during a recession has been given a new twist too by the North Sea oil boom. The very Scottish areas in parts of the Lowlands and the East Coast which would have been causing acute concern in previous economic cycles are now being geared up rapidly to this new industry. The North East, the North West, and Yorkshire and Humberside, are also benefiting directly and indirectly from the oil rush, although to a much lesser extent than Scotland.

The most successful innovation in the regional strategy during the past few years had undoubtedly been the new willingness of companies to move their management, clerical and computing activities away from the London area. Candid spokesmen in the regions will now say they value one office block as worth two factories with comparable numbers of jobs.

They have woken up to the fact that industry alone produces a distorted and vulnerable economy for a township or a region. Only by a wider range of job opportunities will young people and talented people be checked from drifting away towards future "golden triangles." The new trend has already gone a long way. The Local Offices Bureau which has done a good job encouraging the movement now finds that for the first time since it set up shop employers are actually finding it difficult

to attract bright young executive material into work in the London area. The problems involved in setting up house in the South East are so enormous that such talent has become more interested in a home and a job in the provinces.

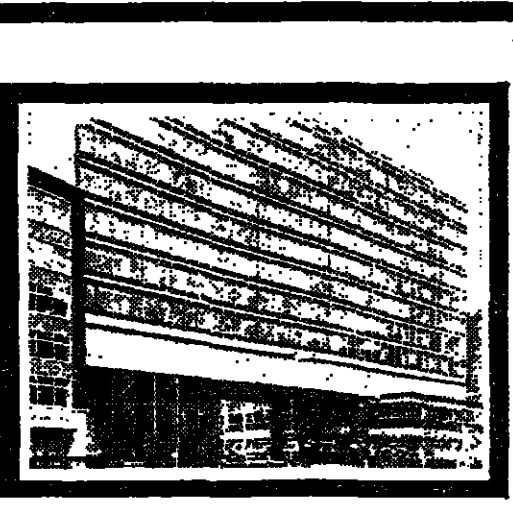
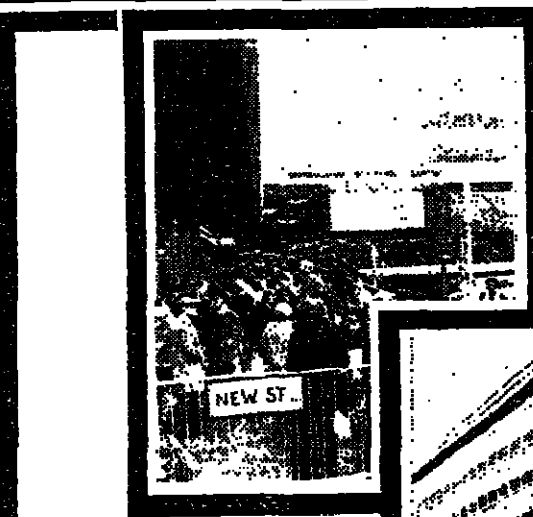
The cities and towns which have established themselves as new office centres round Britain have no reason to regret their decision. Although there is now some 19m. square feet of office space throughout the country the forecasts are that within a year or two it will not be enough. Meanwhile, the differential between the costs of operating offices in London and elsewhere is still growing apace. In 1963 LOB was quoting a differential of £250 a year between the cost of employing and accommodating an office worker in London compared with the provinces. That differential is £2,600 and still rising.

Differential

Although the big cost differential is well enough known the knowledge is not helping some small companies caught in the high cost areas of London and the South East. Because of cash flow problems a number of them which would willingly decentralise simply cannot do so, even with the help of the Government grants now available for commercial moves.

The new towns and the expanding towns are in the van of the continuing policies for the redistribution of jobs and people in an equitable manner throughout Britain. Unfortunately they are always early sufferers in any clamp-down on government spending and this year is no exception. Their ability to be flexible in their growth plans is likely to be tested severely before they can get back into full stride.

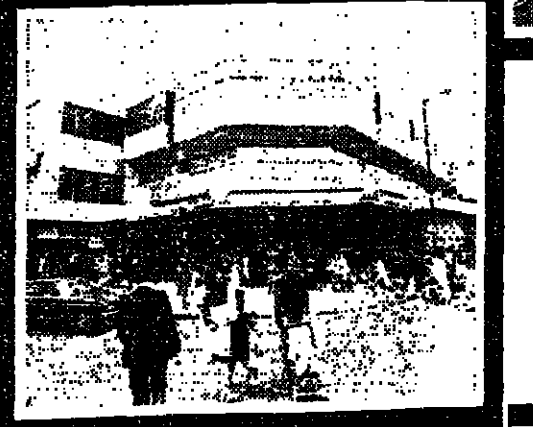
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PROPERTY XVII

The role of the ratepayer as a source of finance for local government is coming under close scrutiny. In particular the sharp rise in business rates is causing concern.

The rate burden

THE PROBLEM of local government finance in general and of the future of the local rates in particular has been given a good airing in recent months. But the discussion has tended to focus on the position of the household ratepayer and on the role of local government in an economy where overall responsibility for demand management must inevitably lie with the Government at Westminster. Outside the business and property worlds, the impact of the present system upon the business ratepayer has hardly been debated at all.

This is presumably because it is generally assumed that the business ratepayer—who in any case can charge rates as an expense in calculating his tax liability—is in a position to pass the post-tax cost of his rate demand on to his customers. In most cases, this is no doubt so. But there are a large number of small businesses, including many of those providing specialised services in the City of London and in other city centres, who operate largely on fixed margins and who have been placed in considerable difficulty. Indeed, there are some offices in the City where rates now exceed 40 per cent. of the exclusive rental cost.

Two other factors need also to be borne in mind. In the first place, while it may be true that old traditional disciplinary system of "no taxation without representation" still nominally operates for household ratepayers, it is now over a quarter of a century since the business ratepayer nowadays contributes rather more to the cost of local services than the household ratepayer. The latest figures show that the business ratepayer directly provides, through rates, just over a tenth of the total while the household ratepayer pays just under a tenth.

Secondly, whereas the household ratepayer has for the last nine years been partially shielded from the full cost of local government by the "domestic ratepayers' relief" element of the Government rate support grant, the business ratepayer receives no such protection. This de facto "super-rating" of business has now

reached the point where the domestic ratepayer is effectively de-rated by about a quarter as compared with the businessmen. This is one reason why business rates have on average, throughout the country, doubled in the last three years while domestic rates have risen—again on average—by about 85 per cent.

In some areas, the increase in business rates has been far higher. In the City of London, for example, the business rate call has risen more than fourfold in the last three years. There are several reasons for these wide variations. One was the reorganisation of local government last year, which not only led to an unprecedented upsurge in administrative and other costs but also grouped ratepayers previously paying relatively low (or high) rate calls with others who had been accustomed to much higher (or lower) imposts. Then there were the effects of the change in the distribution of Government grant as between different authorities, largely to the (admittedly belated) benefit of the older cities and at the expense of suburban and rural areas.

Revaluation

Thirdly, and in some instances of crucial importance, there was the impact of the 1973 revaluation of property rateable values. This was only the fifth "quinquennial" revaluation since Parliament passed a law requiring five-yearly revaluations in 1926 and the first since before the 1939-1945 war in which all classes of property, other than agricultural and Crown holdings, were revalued at their full current market rental. The revaluation had a dramatic impact upon the share of the rates burden borne by different categories of property and, in Greater London, this in turn had an even more substantial effect on first, the City of London and Westminster portions of the GLC and LEA rate precepts and, secondly, on the pooling arrangements devised under the London Rate Equalisation Scheme. Indeed, the new "equalisation" formula has provoked the City and Westminster into accusing the other

London boroughs of treating them as "milk cows."

But, while these points help to explain changes in the incidence of the rates burden as between different classes of property and different areas, they do not go to the root of the "rates problem." The basic factor has been the rate at which local government spending has been growing. Up to a point growth is understandable. In every country as it grows more affluent more will be spent upon services instead of goods and more of that proportionately greater expenditure on services will be devoted to the kind of services which local government provides. This is why local government spending has been rising faster than the national income for well over 100 years.

Between the beginning of this century and the mid-1950's the proportion of GNP absorbed by local government spending on current and capital account almost doubled from about 6 per cent. to about 10 per cent. But in the last 20 years the relative rate of growth has accelerated to about double the rate of increase in GNP and in the last three years or so the rate of increase has been about three times faster than GNP. This year local authorities will be spending about 18-19 per cent. of GNP and their expenditure shows every indication of being "out of control." Even before the May and December 1973 "cuts" in public spending, the programmed increase in real local current spending in 1974-75 was put at 8 per cent, whereas in the event the increase has turned out to be nearer 10 per cent., while for the present year an increase of between 6 per cent. and 9 per cent. seems likely as against the Government's call for one of 4 per cent. to allow for "inescapable" on-going commitments.

The chances of the 1976-77 increase being limited to 14 per cent., the figure the Chancellor laid down in his April 1973 budget, can thus hardly be said to be encouraging. Rapid real growth is only one factor, however. The other is inflation. Even if local authorities were conceding increases in pay no greater than the national average, their costs

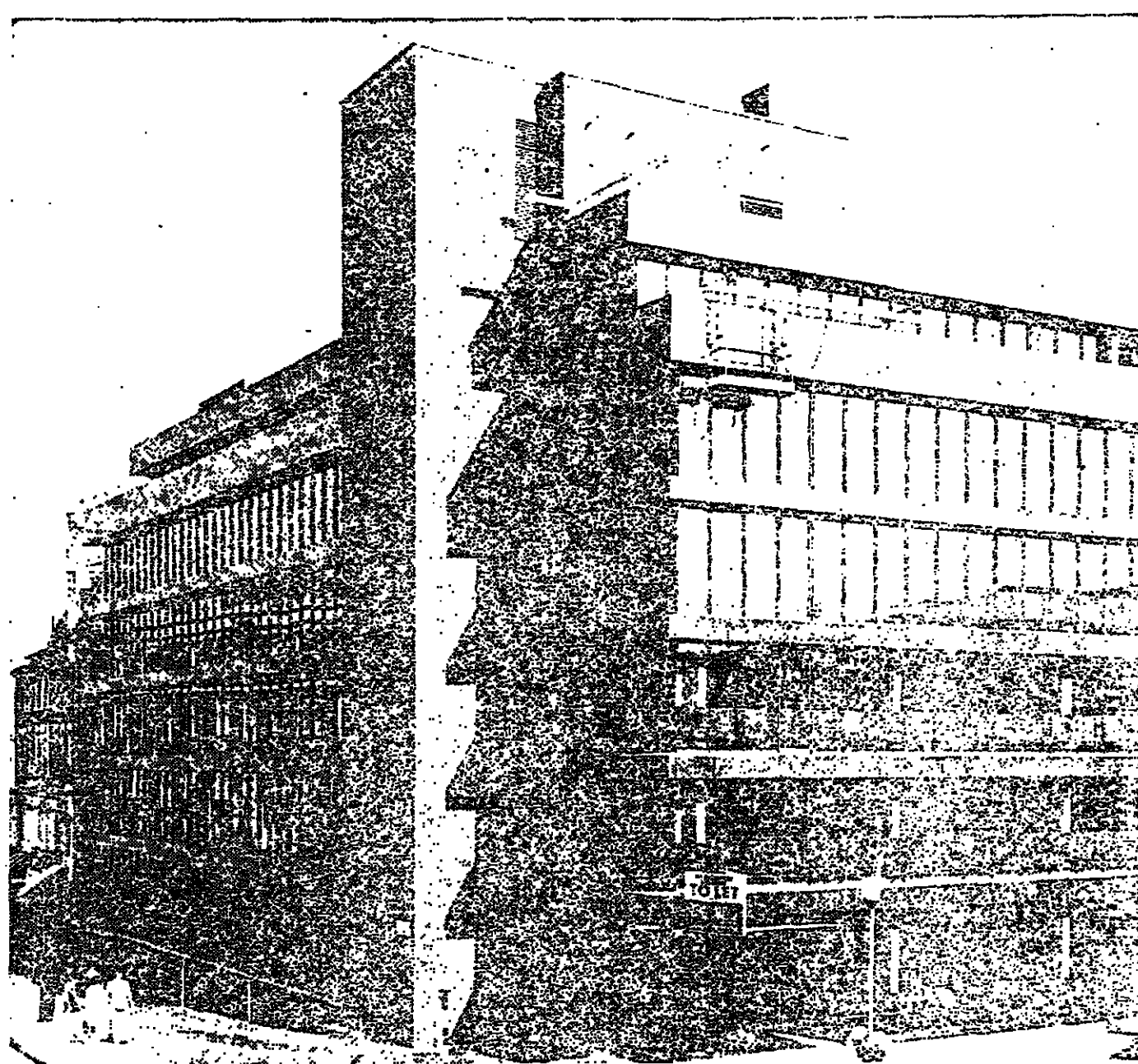
would be rising faster than in the private sector simply because so large a part of their total expenditure consists of payroll costs. The trouble is that real growth higher than that laid down by the Government when fixing each year's rate support grant, coupled with a higher rate of cost inflation (the "relative price effect" in today's jargon), has a dramatic gearing effect upon local rate calls—and the greater the proportion of local spending which is met by Government grant, the greater the gearing effect of an over-run.

Amounts

Worse still, if average domestic rates calls are to be kept to a more or less constant proportion of personal income—which has been broadly the aim for several decades now (and, despite "super-rating," business rate calls are broadly related to the domestic rate-call)—then the grants ratio has to be increased by larger and larger amounts each year, which in turn makes the impact of each over-run correspondingly greater. And so on.

Clearly, major changes will have to be made in the present system. At heart, they will involve the relationship between local and central government. There is an unresolved conflict between the idea of local autonomy, to which at least lip service is still paid, and central responsibility for demand management. This conflict will continue so long as local authorities retain their own independent tax-raising powers and certainly as long as local councils are given little incentive to consider what may be economically prudent as well as what, in their view, may be socially and politically desirable.

But fundamental changes will have to await the report of the Layfield committee at the end of this year and even then several years may pass before legislation ensues from the committee's recommendations or, more probably, from a mix of Layfield and Whitehall's own ideas. In the meantime, something more urgent is required. The Government's own ideas—in so far as they have yet been revealed—should have been spent this new calculation has been the lies would then have to choose



Northstar House, Holloway Road, Islington, a 32,000-square-foot block let to the Inner London Education Authority at £160,000 a year, representing an initial yield of 7 per cent. to the Coal Board Pension Fund when they bought it late last year.

centre on limiting next year's year rather than 14 per cent. previous year's actual, rather between accepting the new limit real increase in local current above what was actually spent, than required, spending. But tation and putting up their rate increase to 14 per cent. and. This in itself will be a welcome in present circumstances an calls by an amount that could be greater than the desired 4 year's grant settlement has been called for—such as a cash trivial—just before next year's per cent., then next year's limit wiped out all previous spending limit with no subsequent adjust- local elections. the basis of the ment for inflation Local authori- should have been spent this new calculation has been the lies would then have to choose

Colin Jones

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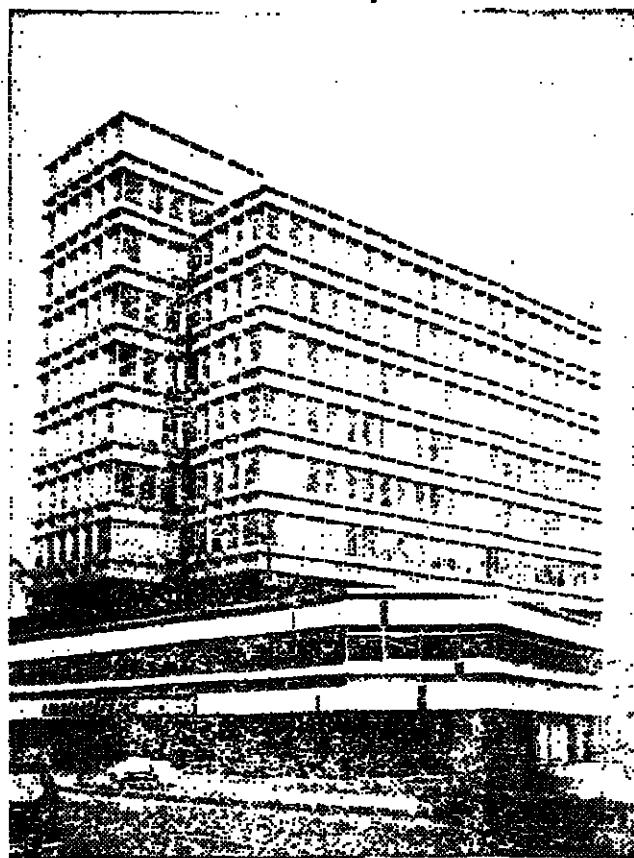
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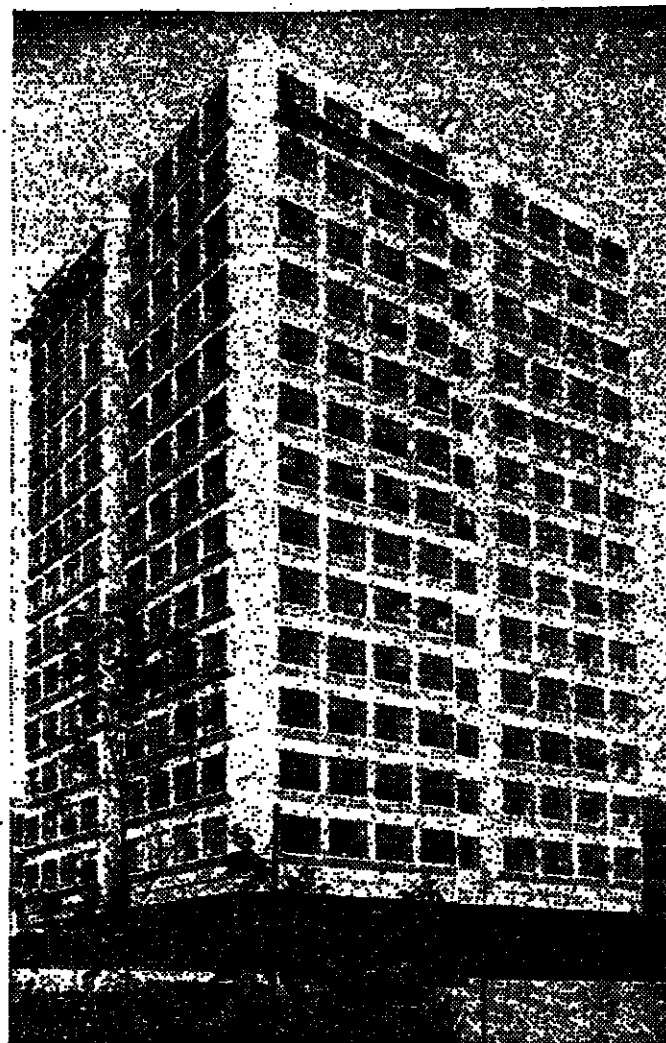
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PROPERTY XVIII

Investment activity in the office
sector has been at a low level during the
past 18 months and has only just shown signs of picking
up. There is still little interest in financing
speculative new projects.

Office investment

A recent shop and office development by the
Westmoreland Properties Group at Charing Cross,
Glasgow.

INSTITUTIONAL demand for assurances by ministers that office investments has revived considerably over the past six months, following the low level of activity throughout most of last year. However, there has not yet been any corresponding recovery in the funding market for new development projects, and even the largest and most well-placed companies have found it virtually impossible to finance new schemes, apart from a few isolated cases. These contrasting trends highlight many of the wider influences at work in the property sector as a whole in the past 12 to 18 months.

In this period the investment scene has been dominated by the two factors of interest rates and the Government's business rent policy. Thus the investment yield for a prime rack-rented office block rose from a low point of about 4.25 to 4.5 per cent in the late autumn of 1973 following the sharp jump in interest rates in late November. And prime yields drifted upwards throughout almost the whole of last year—occasionally attempting for a few weeks unsuccessfully to stabilise—before reaching a level of 7.5 to 8 per cent in early December for even the best located office investments.

Squeeze

This big jump to levels seldom touched since the end of the last war reflected a transformation of the investment scene from a hectic seller's market in the autumn of 1973 to a situation where buyers had more choice than for more than a decade. The financial squeeze, secondary banking crisis and consequent pressure on the many property companies which had borrowed heavily to expand rapidly in 1971-73 all combined to push large amounts of property on to the market.

This trend inevitably made institutions more selective and reluctant to reach decisions, especially when they felt—in a partly self-fulfilling process—that yields would drop even further. The caution was also reinforced by the considerable uncertainty about what rate of rental growth would be allowed by the Government—especially following Labour's decision to prolong the business rents freeze for 12 months beyond the date originally intended. Although there were repeated

Those sales which did occur were mainly small—up to the £3m. mark in most cases—and almost solely included rack-rented "clean" buildings, fully let to good covenants in top positions—in other words the first rank of investments with no problems at all. There was practically no demand for reversionary properties because of the uncertainty about rent control.

Typical of those deals agreed last year was the sale by English Property Corporation of Northstar House, a new 32,000 square foot development in Holloway Road in North London. The building, which had just been completed and let to the Inner London Education Authority, was sold for a yield of around 7 per cent—about the average prime rate in the late autumn—and the buyer was the Coal Board pension fund. The big nationalised industry pension funds tended to be far more in the market than, say, the insurance companies for most of last year.

Among the few very large deals agreed was the sale of an 80 per cent interest in the Commercial Union head office building in the City of London in two deals to a group of large U.K. pension funds and to the Abu Dhabi Investment Board. Other large deals last year tended to involve the sale of buildings to adjoining landowners, as happened with the National Westminster Bank's purchase of the former Lazard's building in the City, or the purchase by a tenant of a leasehold interest, as happened in the case of Lloyds Bank's purchase of the main leasehold interest of the office building "above" Cannon Street station.

This general pattern in the investment market continued until the end of last year. The increasing problems this was causing both for property companies and banks were clearly one of the main factors leading to the change in policy on business rents. In announcing the change, Mr. Anthony Crosland, the Environment Secretary, said "a healthy market in commercial property is necessary for the achievement of the Government's social and economic objectives" and pointed to the large amounts of savings and pension money which depended on income from commercial property.

The decision to end the freeze in February did not lead to an immediate revival in the property market. It took several weeks for confidence to recover and for changes in policy of investment committees to percolate through to buying decisions. The pick up in the market was also linked to the recovery in the stock market to the extent that institutions now became more willing to accept yields of 7.75 to 8 per cent, when equity yields had fallen to below this level. The revival became more marked by April and early May

when both Jones Lang Wootton and Richard Ellis came out with generally bullish reports on the state of the investment market, though they were markedly less optimistic over the short term about rental prospects.

The Jones Lang report emphasised, for example, that interest was still confined to freehold buildings, well designed and located, fully developed and let to good tenants. On office schemes, the agent reckons that prime rates have fallen by a quarter to half a point to around 7.25 to 7.5 per cent, with most investment interest still in the bracket of £200,000 to £2m.

The slow revival of the market was also underlined in the Richard Ellis report which noted, in particular, the greater appeal of prime provincial and suburban offices, where yields have, in fact, throughout this year been marginally lower than in central London. This highlights a trend which began to be noticeable in the second half of 1974, when some institutions became more wary of buying investments in central London because of the uncertainty about rent levels—fully borne out by the falls of 25 to 30 per cent in many cases over the last year. These investors switched their emphasis to suburban and provincial offices on the view that there was less downside risk in the rents there—partly because of the sheer pressure of building costs would keep rents at a reasonably high level there but also because of a reduced supply resulting from a lack of development activity.

Rented

The current position is that there has been a drop of perhaps three-quarters of a point to a point in prime rates since the beginning of this year, but demand is still concentrated on the small prime rack-rented buildings and the reversionary market has been slow to revive—partly reflecting a desire to have a good income return now, rather than later, and also because of lingering doubts about rent control. There is also very

little demand at present for the many secondary properties on the market.

The increase in the amount of money available for investment was illustrated by Andrew Hunt in the Richard Ellis six weeks ago when he said that while his firm had about £15m. to invest on behalf of clients at the end of May it had £22m. to £25m. in mid-May.

Yields

A shortage of suitable first class properties may appear if this demand continues and the increased competition for the best investments explains some of the fall in yields so far this year. But few expect yields to decline very far because of the fall in rents in London and more general recessionary uncertainties.

Although the worst appears to be over in the office investment market, the same cannot be said of the funding scene where activity remains at a very low level. Few new projects have been financed by institutions over the past year unless there is an absolutely solid pre-let. This is explained by the same factors which have held back developers—spiralling building costs coupled with a weak letting market and uncertainty in rents which have undermined projections of returns. This has been allied with the more general doubts created by the Government's development gains tax and its proposals to takeover development land.

The consequent cutback in development activity is only partly apparent now but will become all too clear in a couple of years' time when a shortage of space could develop in certain areas. And although the period of stability in City rents could be somewhat longer than the 12 to 18 months, which leading firms of agents are at present talking about, the investment market is undoubtedly watching closely for any signs of a halt to the downward movement in rents.

Peter Riddell

Office rents in central London have shown little
or no increase recently. But they remain at a high level
and have undoubtedly contributed to a steady migration
of firms to provincial centres.

Office rents

WHEN ITS annual report for 1974-75 is published early next month, it may be seen whether the Location of Offices Bureau has achieved its target of an annual dispersal of 15,000 jobs from central London. In the previous year, 1973-74, LOB advised 217 firms on the decentralisation of 14,715 jobs, and it knew of 60 firms that had definitely decided to move 24,680 jobs out of central London, but it remains to be seen how many of these managed to do so last year.

As LOB is only responsible for advising on about half the total dispersal of jobs, the rest being undertaken by Government departments and large firms on their own initiative, it is a reasonable estimate that the number of office jobs being moved out of central London is

now running at an annual rate of at least 30,000 a year.

The reason for this flight to the suburbs and the provinces is still the high level of rents demanded in central London and, even though those rents now seem to be falling back, the higher rates that are levied on commercial premises in the City of London.

In any analysis of office rents, it is necessary to generalise, so that when one talks of rents in the City of London being £20 per square foot, one is referring to new, air-conditioned blocks of upwards of 20,000 square feet in the prime location of the EC3 postal district. These rents are still being demanded, though it is unlikely that they are being obtained. Tenants know that they are in a buyer's market at the moment, and it is not unusual for them to offer 20 per cent less than the asking rent and to find they are invited to begin serious negotiations.

Greater

But there are signs that a recovery of the City office market is on the way. Agents are reporting a much greater volume of inquiries, and many of the apparently empty offices are already under offer, though it may take another three months or more before the effect of this is seen in the statistics of vacant offices published by two leading firms of City surveyors, Debenham Tewson and Chinnocks, and Richard Saunders and Partners.

Jan Lerner, a partner in the City office of Allsop and Co., says: "The market is very confused at the moment. People are not sure how rents are going. The market in the City past year, though in one or two years, but I have been surprised by the amount of activity in recent weeks. There will always be firms who want or need to be in the City."

What is holding the recovery of the market back at the moment is the number of firms who have decided they no longer want or need to be in the City. They

may be occupying space for which they paid only 25 or 30 pence per square foot a few years ago, and they see the prospect of a rent review that will take their rent to perhaps £15 per square foot in to-day's market.

If they still have a year or two of their present lease to run before the rent review, they may be tempted to move out of the City and take a profit rent on their space, which would be more than pay for their move. If they cannot find a taker at £15 per square foot, they may be tempted to knock the rent down to £12 or even £10 per square foot, which would still show them a profit.

This is what has depressed the City office market in the past year or so, although if the rent is pitched too low, potential tenants are often discouraged by the thought that something must be wrong with the property. So there is an incentive for landlords to maintain the level of rents they are seeking and to leave potential tenants to make the offers.

If, as seems likely, the fall in City rents has stopped, the same cannot be said of rents in the West End of London. Here the office market now seems to be experiencing the slump that the City felt last year, and West End agents are less optimistic about prospects for the next year than their colleagues in the City. This may be because rents in the West End had risen to unjustifiably high levels, sometimes rivaling those of prime locations in the City, and now have to fall back to something more like their traditional differential, which is a rent of perhaps 60 per cent of a comparable building in the City.

Outside London, most office rents have held firm for the past year, though in one or two towns and cities where there is an over-supply of new offices it has almost got to the stage where any reasonable offer would be considered. In Leicester, for example, which has become notorious for the recovery of the market amount of vacant office space back at the moment is the number of firms who have decided they no longer want or need to be in the City. They

There is at present 644,000 square feet of unlet offices in Leicester, with another 362,000 square feet currently under construction and planning permissions given for another 966,000 square feet. Typical rents for new offices of 20,000 square feet and over are anything from £1.75 per square foot down to as little as 80p per square foot. Why Leicester is having such difficulty in letting its offices no one knows, but it is not that the Location of Offices Bureau do anything to discourage firms from considering it, as some local councillors like to suggest.

A glance at British Rail's map of what it likes to call the Overground shows why some decentralised locations are more popular than others. Crofton is only 17 minutes from London, Reading 35 minutes, Colchester 51 minutes, and even Southampton and Ipswich are only 1 hour 10 minutes from the main line termini in London.

Rents for new offices in Crofton have now passed the £7.50 mark, mainly because there has been an almost complete ban on new building since 1971 by the Department of the Environment and the Greater London Council. Mr. Raymond Green, the local partner of chartered surveyors Jones Lang Wootton, confirms that there has been hardly any new office space on the market in central Crofton for the past two or three years, and very few re-lettings of anything over 15,000 square feet.

The last major letting in Crofton was that of Quest House, a replacement of an existing office building of about 40,000 square feet, which was

let last autumn by Allsop and Co., acting jointly with Sinclair Goldsmith, at a rent of £7.64 per square foot, the highest rent yet achieved for a new office building in Crofton. The

takers were the Property Services Agency of the Department of the Environment, who are still the major potential tenant for any large new office building in Britain.

When one goes further out than Crofton, rents start to fall, but not by all that much for the most popular locations. Rents of just under £6 per square foot are being asked for new offices in Reading, for example, and even in Bournemouth and Southampton they can be as high as £4 per square foot.

Apart from proximity to London, however, the other factors that determine rents are the quality of the environment, the availability of labour, the road and rail links with other parts of Britain, and the amount of unlet space that is on the market at any given time. But above all, the rent that any office can command is governed by the demand, and the political and economic uncertainties of the past year have depressed demand throughout Britain. This is why at the present time the Location of Offices Bureau has on its register nearly 18m. square feet of office space that is available for letting. This cannot all be taken by firms decentralising from London, though it is an interesting coincidence that if 30,000 jobs a year are leaving central London, that creates a demand for at least 5m. square feet of office space, which is about the amount that is currently available in and around the City of London.

Michael Hanson

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PROPERTY XIX

The time when a burst of private development activity could shape our city centres in a profound way, is probably over. Office planning is now firmly in the hands of local and central government with the emphasis on spin-offs for the community and promotion of environmental standards.

Office planning

MAIN FACTORS govern office planning from now will derive more from local or central government than from any burst of activity within the private sector.

Private sector activity is confined, wherever possible, with market forces; these have not been taken as heavily as they should have been. Office development has been forced to decentralise from London to other large towns for the sake of their costs and profits. This has come about only for disquieting economic reasons (office development in London and the South East is strictly controlled as part of basic planning policy) it tends to coincide with government planning wishes.

The Government's planning policies are more altruistically aimed with relating jobs to land and with available housing needs according to area. It also has to apply environmental factors in that an built or under-built environment brings its own rate problems and hitherto development has been mainly in certain areas. Long this has been primarily the South East, especially, it has been the South East, Bristol and Swindon, with new towns and the cities of Peterborough and Peterborough.

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Incentives

By the use of such planning incentives as office development grants (for the South East) either with local and central government planning policies, positive incentives, mostly in the form of cash or allowances, Government control has not been particularly effective; much development and potential development has been diverted from the Greater London area and the South East. The Government has been taken off its guard and other parts of the country commercially redeveloped.

However, development of this kind does not so far seem to have gone in great abundance any of the three categories of government-sponsored expansion areas. This will influence planning policies a great deal from now on.

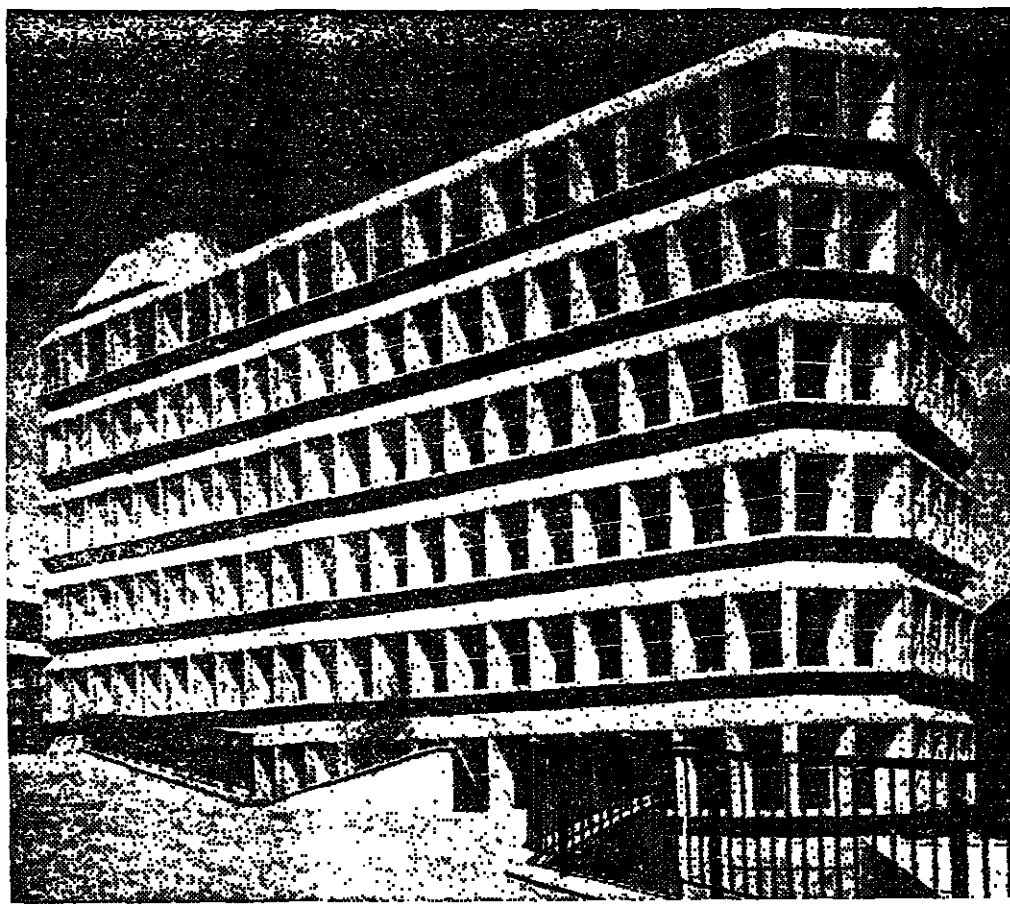
The basic elements which determine present office planning policies in both private and public sectors are principally these: local authority and central government development powers of control; the need for restriction in some areas and expansion in others; the need for special development areas; the need for housing availability and employment needs; economic factors — the rising costs of obtaining office space in certain areas, particularly in London (this will carry more weight with office users); the need for environmental thinking and local planning levels and present over-planning policy exercised through the Department of the Environment. There is also the town planning of the Community Land Bill; unknown in final form (it is still in consultation) and unknown in its final effect.

The most important of these is the present extent of central government and local authority control. Central government is reluctant to be too stringent in overall control of planning, for fear of total discouragement of developers generally. However, the Government's planning policies are more altruistically aimed with relating jobs to land and with available housing needs according to area. It also has to apply environmental factors in that an built or under-built environment brings its own rate problems and hitherto development has been mainly in certain areas. Long this has been primarily the South East, especially, it has been the South East, Bristol and Swindon, with new towns and the cities of Peterborough and Peterborough.

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ever, indications are that control is growing yearly and certainly it is extremely strict in London and the South East.

Local authorities too, exercise considerable control—some say too much—over decisions which have to be ratified by a council of part-time laymen. The experts are all at Whitehall, says one eminent planning consultant bitterly. But the local authorities do not exercise as much control as they would like and the forthcoming Community Land Bill should bolster their powers to an alarming degree if it becomes law.

Central government policies control office planning at the initial stage before approach for planning permission is made at local authority level. In this respect, national planning policies provide the framework for the future office development procedures. In London and the South East the most obvious form of control is the Office Development Permit, dating from the Control of Offices and Industry Act 1966. Any office development in these areas consisting of over 10,000 square feet must first be granted an ODP before the appropriate local authority is approached for planning permission.

Extremely strict control of ODPs is exercised and even in areas where no ODP is needed (as in the rest of the U.K.) the Government is attempting to steer office development to approved areas. Local authorities are led by the DOE-laid guidelines and thereafter apply their own zoning policies and other appropriate restrictions.

The Town and Country Planning Acts (1947 to 1971) give them a certain say in development within their administrative area. They are also compelled to produce a Development Plan (known since 1968 as a structure plan) for their area, which has to conform to certain zoning requirements (the ratio of commercial/industrial use to domestic/residential). In simple terms, this means working out the availability of local housing, the current and likely future employment situation and the area's development potential, striving to achieve an ideal mix within a reasonable environmental framework.

Moreover, the South Eastern

countries, in addition, now have their Design Guides. Produced seemingly on the principle of shutting the stable door after the horse has bolted, these lay down the environmental principles on which this already largely overbuilt area will be allowed to develop over the next ten to fifteen years. As their name implies, they are guides for local authorities within a county and put forward two valuable propositions. First, they envisage only limited new development and secondly, any replacement building will be subject to strict scrutiny and must not (in theory) mar the general environmental principles laid down by the guide.

London, after Glasgow, the biggest planning headache of all, uses its Initial Development Plan—comparable to the usual local authority Structure (or Development) Plan—to shape its future path of development. Special Development Areas are zoned primarily for industrial development and until recently, a curious hiatus existed in departmental thinking between office development and industrial development and between service industries and industry proper, the development grants being more generous to the latter.

Since 1973, however, this margin has narrowed in an effort to attract the sherry and scampi brigade to areas hitherto regarded as cloth-cap. Grants, while not at Croesus-level, are still surprisingly generous. Under the Office Incentives Scheme operated by the Department of Industry, certain firms get a grant of £800 per employee up to a limit of 50 per cent. of the number of additional jobs created (as compared to the average cost of accommodating an employee in London, for example, of £2,600).

Certain conditions have to be satisfied. The move has to be a genuine choice (a non sequitur, if ever one existed) and it has to result in at least ten new jobs in the assisted areas. Local authorities in such areas are supposed to be geared to provide the essential back-up amenities and to encourage adequate housing. In addition, the Government will give a grant to cover the whole of the cost of the approved rent of the premises for a period of up to five years in a Development or Special Development Area and up to three years in an intermediate area. An equivalent half is given where the premises are bought. These grants are also payable to the developer.

Barricade

Generally speaking, the whole question of relations between developers and local authorities is hedged around with a barricade of thorns. Approved development plans are not yet strong enough to give local authorities the control they wish, so they often resort to ad hoc planning policies, a course which is costly for the developer and worrying for the future of office planning.

There is a growing trend for local authorities to insist on some kind of "deal" where really large developments are concerned, in order that some contribution can be made to the community. Usually dignified by the term "planning gain," this is a reasonable pro-

cess and one which is gaining ground where local authorities have a skilled or alert planning department.

Refusals of planning permission by local authorities, or initial objections, are almost always dependent on the type of zoned area or on physical/environmental grounds; developments are frequently steered to preferred locations. There is no doubt that local authorities are now more militant towards developers and the reorganisation of local government has created a fresh stimulus for regional growth and environmental planning policies, with the opportunity for new local authorities to make firm plans for a wider area.

A spin-off of current planning policy is the creation of approved development areas, away from the South East, where development is given virtually a free hand. These Special Development Areas are zoned primarily for industrial development and until recently, a curious hiatus existed in departmental thinking between office development and industrial development and between service industries and industry proper, the development grants being more generous to the latter.

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Precedents

While the flood of development and resulting jobs into these areas has not been as great as the Government hoped (they aim for a target of 5,000 extra local jobs a year) enough development has been attracted for those schemes to be continued. The DOE is determined that Development Areas take precedence over other areas for future office expansion.

Current departmental thinking is strictly to limit development in London, the South East and the New Towns (which are almost full up) and to spread the "jam" elsewhere. Present ODP powers, which are sparingly exercised, expire in 1977 and a review has been in progress for the last two years. Meanwhile, the spread of offices and flow of people away

from London continues. According to the Location of Offices Bureau, between 20,000 and any size may only succeed if 25,000 jobs are moved out of London each year (including the London Development Areas) and the Government has set an example with its own decentralisation along the lines of the 1972 Harman report. The main plank in the Government's thinking is the full-to-bursting-point position in Reading, Southampton, Basingstoke, Crawley and other previously favoured South East areas.

Future development will all be steered wherever possible outside these areas. Developers who insist on staying in the south east will either have to join the queue or fight for existing space. Present policy is to scrutinise applicants for ODPs for named user development schemes very closely; proof is needed that they cannot move to one of the Development Area categories, though the Department say that no-one has yet been forced to move to one of those areas. With speculative ODP applicants, there is an even severer process of restriction.

Speculative

Prior to the Minister's statement July 30, 1974, regarding Government policy on commercial development (which set out the above restrictions) speculative ODPs were almost always issued for replacement. Now this well has also dried up. Permits will be granted for a limited number of cases, on railway station sites—Liverpool Street, for example—or in New Towns) if substantial public benefit would accrue through developments on behalf of public authorities.

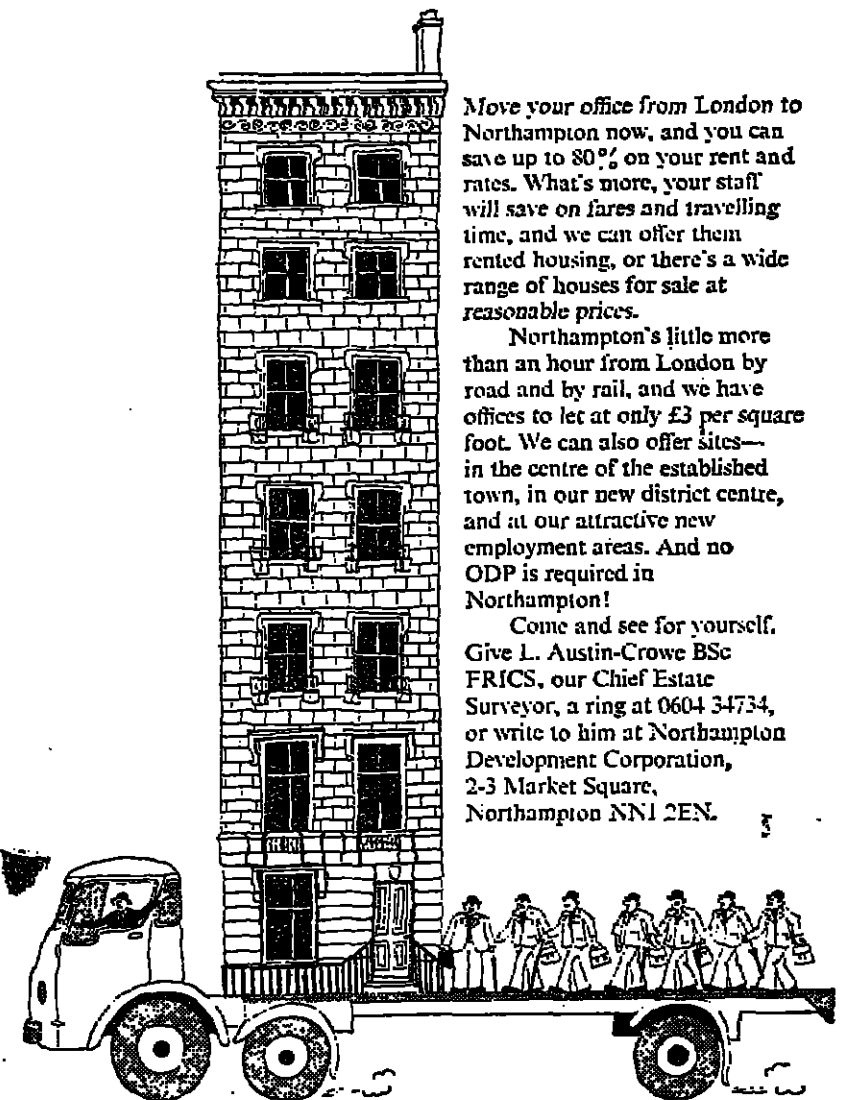
The Department says it now regards wholesale redevelopment as "not a good end in itself." Further development in the S. East of any kind will be encouraged only in those rare areas where housing outstrips available jobs. In the New Towns, this applies only to Basildon and Milton Keynes.

Further development activity, this time initiated by local authorities (which may possibly be forced into partnership, for reasons of guidance and expertise, with developers) will be generated by the Community Land Act, This Act, with its two appointed days—the first permitting and the second compelling local authorities to acquire certain land in their certain area—may crucially affect office planning.

The future of office planning depends in the final instance on the appropriate Secretary of State. If planning were left entirely to the private sector, office development would inevitably take place in those areas of greatest economic activity; this brings one back to London and the South East. Since these areas have been denied to us under present planning policies, the future lies outside them and may also depend, medium-term, on better closer relations with local authorities, together with the possibility of partnership enterprises between them and developers. (With the Community Land Bill, local authorities may have to take this course).

Max de Trensé

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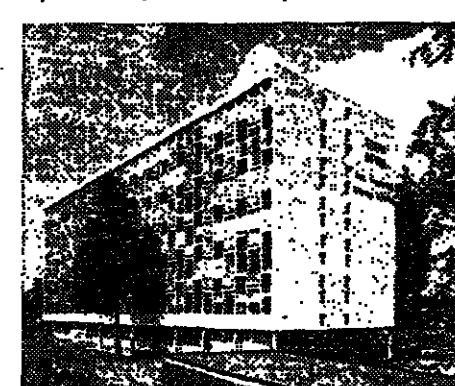
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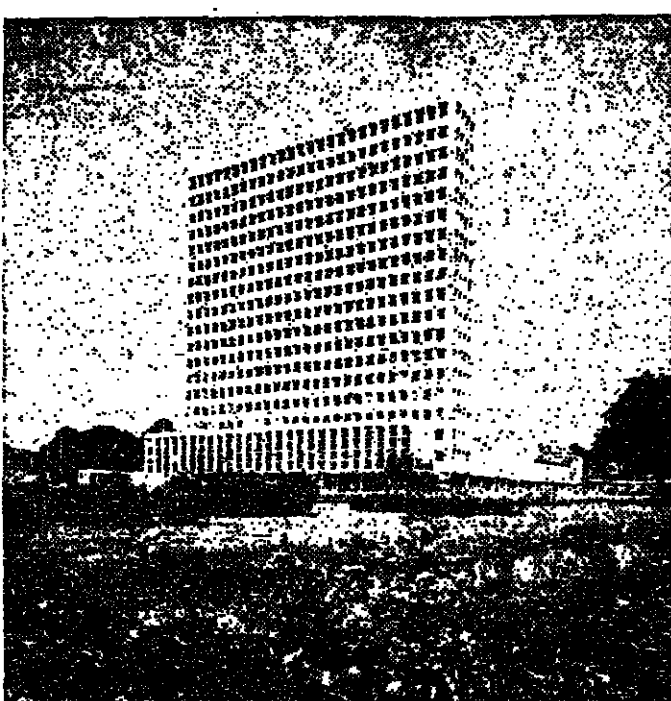
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PROPERTY XX

There has been a steady, though largely unnoticed, revival of interest in investments in shops. Rents have held up well during the general property recession, particularly in the key "100 per cent" High Street locations. The revival has however brought about a drop in yields to as low as 6.5 to 7 per cent. for the best investment.

Shops investment...

ONE OF the largely unnoticed features of the property market of the last few months has been the steady revival in interest in shop investments. This has been very selective, though nonetheless indicative of the changing attitudes of institutions over this period. The fluctuations in shop property values over the last 12 to 18 months have been rather less than for offices because rents have generally remained far more stable, though yields have varied sharply in line with offices.

The rental pattern is the key in practice to the institutions' current attitudes, and the point here is that unlike office rents in top-quality locations, shop rents in prime positions have in general not declined, following the spectacularly rapid growth of 1972-74. The same factors which explained the growth then—a high level of consumer spending, a desire by the multiples for bigger units and the simple scarcity of such shops—are also the reason why these rents have been sustained. Thus consumer spending has held up much longer than might have been expected because of the high rate of wage settlements, though the squeeze on certain of the durable companies has resulted in a somewhat lower demand for units from this group of retailers. And while many of the leading stores group have pruned down their expansion plans drastically, most are continuing to move from smaller units to larger ones. So there is still strong competition to snap up any unit in a "100 per cent" position in a High Street, and the scarcity factor here has held rents up, and in some cases there have even been rises.

One leading agent, for example, quotes the recent case of a double unit in a major suburban shopping centre in outer London where the tenant was not willing to accept a rent of £42,000 a year for a unit of roughly double standard frontage which was later let at over £44,000 to a top-class covenant. And the same story can be repeated in the main shopping streets in a number of other places, where a unit so rarely becomes available that there is always intense competition—even if it is from half a dozen groups rather than the dozen which might have been interested two years ago.

Equally, there is evidence that developers of certain new untried centres who have pitched their rent too high have had to trim the terms a bit—and indeed because of price control and cost pressures some leading retailing groups are becoming unwilling to pay such rents since they do not believe they can generate a sufficient return. There has also been a decline in rents in certain of the more fashionable central London shopping streets where prices became artificially inflated two years ago.

Discount
But the main distinction required is between prime and secondary shopping locations since apart from those relatively few positions where there is a real scarcity of units there has been a definite falling off in demand. A much larger traditional now tend to apply between the rents in these types of pitch; and while there is so far comparatively little evidence of a dramatic decline in rents or a significant number of voids, there is no doubt that the previous level of rents is difficult to maintain.

These distinctions have been closely paralleled in the investment market where the main demand has been concentrated on freehold units. As in the rest of the investment market, the announcement last December of the end of the rent freeze marked a major change, and since then there has been a significant increase in activity of a double unit in a major suburban shopping centre in outer London where the tenant was not willing to accept a rent of £42,000 a year for a unit of roughly double standard frontage which was later let at over £44,000 to a top-class covenant. And the same story can be repeated in the main shopping streets in a number of other places, where a unit so rarely becomes available that there is always intense competition—even if it is from half a dozen groups rather than the dozen which might have been interested two years ago.

Many deals were, of course, agreed last year, but they tended to be confined to rack-rented investments, let to top covenants in 100 per cent positions—and one of the big gest to be announced publicly.

was the sale and leaseback by F. W. Woolworth of 11 of its stores to the British Steel Corporation pension fund for more than £10m. These sort of prime stores still naturally attract the main investment interest, but there is also demand now for good secondary properties provided all the other conditions of covenant and lease structure are right. There has also been a gradual increase in interest in reversions again, though this is not on a large scale yet and is mainly at present confined to situations where the review or reversion is in up to five or seven years' time.

This revival of interests has been fairly widely spread among the major investing institutions—and incidentally, of course, every big nationalised industry pay award also boosts the amount of money its pension fund has available to spend. The result has been a drop in prime investment yields of between half a point and a point since Christmas to as low as 6.5 to 7 per cent. for certain top-quality investments.

It has, however, become noticeable during this period that in addition to the familiar

priorities on location, institutions are becoming even more choosy about covenant—looking for much more closely than in the past into the financial standing of the tenant and the prospects for his business to see whether he will be able to pay the rent being asked given the possible impact on consumer spending of the recession.

The traditional preferences on location do not appear to have altered much with the exception of a rural centre in Woodford, Putney and Wood Green still much in demand. It will be interesting to see though whether those towns of shopping centres, which have relied upon a large catchment area and a high proportion of customers travelling in by car, will be affected by the continuing rise in the cost of fuel. In the case of Birmingham, for example, although many of the national department stores are concentrated in the very good shopping area in the centre of the city most of the multiples are in the suburbs and adjacent areas such as Solihull and Sutton Coldfield as well. There could possibly be a fall-back in the pattern of competition shopping with clear implications for rental and investment trends. It has not happened yet though.

While most of the investment interest is concentrated on fairly small individual properties there is still demand from institutions for shopping centre developments costing several million pounds. This is principally confined to centres in the prime locations in expanding towns where the position is unlikely to be quickly undermined by the appearance of a rival centre nearby. Indeed, one major property group is at present negotiating the sale of a number of sizeable shopping centres as investments to various pension funds and insurance companies: in most cases because of the nature of shopping centre development, nowadays the company is selling a long lease from the local authority with regular reviews.

There has, however, been no parallel increase in the institutions' willingness to finance new shopping centre developments. Indeed, the Ravenscroft subsidiary of Land Securities, is cutting back sharply on its development programme, particularly the mammoth proposed city centre scheme in Cardiff. Its attitude is shared by most other developers and institutions at present—they are generally unwilling to undertake new shopping centre schemes at present because of the high cost of money, doubts about their likely return caused by escalating building costs, and not least because of the uncertainties over the Community Land Bill and other Government actions.

Indeed one of the few major town centre schemes to have been funded in the last year has been the investment of £24m. by the Post Office Superannuation Fund in the redevelopment of Milton Keynes. While this funding has been hailed as an example of what might happen under the Government's plans, it would be interesting to know more of the exact terms on which this scheme has been financed—not only the yield to the Fund but also who will pay any over-run of costs or shortfall in revenue. Apart from this project, one of the few new developments to have been announced is a Town and City Arndale Centre, but this is very much an isolated example.

Peter Riddell

Two factors—a shortage of new shopping developments and an expected slump in retail sales—appear to be the opposing elements in predicting the likely pattern of future rents for shops.

...and lettings

ASSESSING THE prospects for retail lettings at present is a matter of juggling two major issues: are lettings going to fall off in pace with a slump in retail sales; or is the looming shortage of new shopping developments going to stiffen competition for units?

The problem of assessment is that neither factor has yet showed up with certainty. The least two specialist shop agents will believe there is evidence to support rentals of as much as £70 per square foot in the prime pitches of London's Oxford Street.

In Edinburgh's Princes Street, and in Argyle and Buchanan Streets in Glasgow, recent lettings have fetched £25, sq. ft. unit in the St. John's Centre, changed hands at £6,500 plus a £15,000 premium for 17 years of a 20-year lease containing five-year reviews.

In the light of such levels there is difficulty in resisting the notion that the drying up of new development will fuel an acceleration in rental levels and perpetrate the premium payments, which ought to have died with the rent thaw.

For, make no mistake about it, developing shopping centres is not the favourite occupation of to-day's property men. Nor even come to that—are many local authorities very happy about embarking on extensive schemes these days.

The list of abandoned schemes grows daily. Biggest headlines went to Cardiff's £126m. Centreplan where Ravenscroft paid the Corporation £3m. to back out of a mixed scheme which would have incorporated nearly half a million square feet of shops. Centreplan, however, is just the tip of the iceberg. Even Mr. Shopping Centres himself, Town and City's Sam Champndale, has announced that there will be no new Arndales for a good while. Agents Bernard Thorpe have announced cancellations on five town centre schemes, in which local authorities are the partners, in Leeds and Scotland. Ravenscroft have backed out of Coldharbour Lane in Brixton; EPC out of Newton Abbott; and MEPC have put on ice their scheme for part of Oxford Street.

Local authorities also fear the spectre of a decline in traditional high street shopping centres. This is not only socially undesirable; high street rates are significant contributors to local authority revenue.

There are other problems at this level. A true hypermarket of more than 50,000 square feet and adequate car parking space to match will, according to the experience of those currently in existence, draw its trade from a very wide catchment area. A radius of 20 miles or more is type of outlet that it is worth dependent on just how good the road system is. Thus a proper hypermarket will usually affect not one local authority area but three or four.

This means that the chances of getting planning permission at local level for these stores is fairly small, and even for medium sized stores there is usually the time consuming and expensive business of a public enquiry before an Inspector of the Department of the Environment. For bigger stores of more than 50,000 square feet of selling area, existing high street traders understandably have been the case since February,

for instance, has a list incorporating 36 towns and Kwik Save have a blanket appeal out for units in a triangle from Lancaster to Coventry and across North Wales.

A random selection of lettings achieved in April and May almost makes one believe that there is a boom in the retail sector. In Swindon a 14,000 sq. ft. hypermarket (the lunch place and, therefore, usually a lower-priced unit in a centre) went for £27,500. A rental in Reading, on an equated yield basis, comes out at 7.6 per cent.

At the wrong end of London's Oxford Street, No. 61, of only 508 square feet, fetched £27,500 despite three-yearly rent reviews. In Liverpool, an 1,800 sq. ft. unit in the St. John's Centre, changed hands at £6,500 plus a £15,000 premium for 17 years of a 20-year lease containing five-year reviews.

The effect could be almost immediate. A substantial proportion of any shopping centre or High Street comprises one-off specialist shops, or units representing small and vulnerable chains, which can close overnight. In a self-contained centre, such closures have a snowball effect; empty shops discourage shoppers, which in turn empties more shops.

There is yet another factor which is beginning to concern the more long-sighted retail specialists. Several of the country's leading food chains have announced massive investment plans for developing their own sites. Nor is the move concentrated wholly in the food side. Sainsbury and British Home Stores riveted attention with the news that they have formed a joint company to develop their own edge-of-town hypermarkets. Tesco, too, wants edge-of-town sites (which usually means one-off custom-built units). Even Fine Fare is to put nearly £10m. into building new units outside town centres, despite that company's massive investment in town centres.

Such moves could have dramatic long term effects on the rental patterns in the traditional High Streets. Without the leading companies competing for the plum spots in the centre—and the second echelon jostling for the adjoining unit—what price to-day's rent levels?

Christine Moir
Editor, Property and Investment Review

Hypermarkets

ONE ASPECT of the property scene which is causing a good deal of controversy among retailers and grocery retailers in particular is the difficulties experienced in getting sites and planning permissions for big out-of-town or edge-of-town stores. In the tough trading conditions: which the grocery trade faces to-day with strict profit margin controls, little volume growth in sales and the escalating costs of rents, rates and wages retailers claim that a very big outlets in off centre locations are virtually the only type of outlet that it is worth their while building. They point out too that these types of stores work in favour of the housewife since the economies which they offer the retailer allow him to give the shopper lower prices—and at a time when prices are a central national issue in their own right.

However, local authorities are reluctant to welcome these large stores for a number of reasons. Local traders often figure prominently in local authority affairs and there is therefore a strong element of protectionism at work. Existing high street traders understandably have been the case since February,

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PROPERTY XXI



90,500-square-foot factory complex at Basingstoke being sold by Baker Perkins. It was previously occupied by one of the group's subsidiaries.

The recovery over the last three or four months in property fortunes is nowhere stronger than in the industrial sector. The limited upturn has not been matched by any significant increase in funding activity.

Factory investment

THE INDUSTRIAL sector has shared fully in the sharp fluctuations in the investment market as a whole over the last two years—with wide variations in the level of activity and in the level of yields. Yet, significantly, the recovery over the last three or four months appears to have been relatively stronger in the industrial sector than elsewhere—reflecting a number of important longer term changes.

The starting point for any analysis of the industrial investment market is the height of the "boom" two years ago. Back in the heady days of summer 1973, industrial yields were down at the historically low level of 7 per cent, and there were attempts by some agents to talk down yields even further, to the 6.5 to 6.75 per cent range. The market had at that time many of the signs (at least seen with hindsight) of over-heating.

Criteria

There were indications of a relaxation in the buying criteria as the shortage of good quality investments—of the right design, location, tenant and rent—became more serious. The "boom" also saw the appearance of a number of funds and agents which were relatively unsophisticated about industrial. Some were caught up in the wave of enthusiasm of an average increase in rents of over 50 per cent. In 1972-73, and bought investments, or pre-funded developments, on hopelessly optimistic rental projections.

The warning signs of over-heating were appreciated by some sceptics in the autumn of 1973 and their view was apparently supported by increasing caution on the part of the more experienced institutions. But the turnaround and collapse of the industrial investment market was far sharper and more sudden than any can really have anticipated. The change occurred in November and December 1973 when the altered financial background and Government intervention transformed the market into one almost entirely favouring the buyer, with large amounts of property for sale.

The sheer quantity of industrial investments available overshadowed all else during 1974—particularly since a large number of companies started industrial and warehouse schemes during 1971-73 with short-term bank credit. Industrial schemes have the particular attraction that they are often relatively small and the gap between start and completion is much shorter than with almost any other type of commercial development. So industrial projects were favoured by many newcomers to development in the hope of generating cash flow and building up a capital base quickly.

The supply problems were also aggravated by the fact that the three most well-known casualties of the end of the "boom"—Lyon, Stern and Guardian—were all particularly active in the industrial sector with many bank financed projects in the development stage. Accountant Mr. Kenneth Cork is still—more than a year later—left with the problem of selling off many of these properties. In any event, the appearance of this large amount of industrial property for sale, coupled with other changes in the market, produced considerable caution on the part of the main investing institutions. They were mostly only interested in the best rack-rented investments and in some cases the interest stopped at the inquiry stage—apart from a few cases of bargain hunting.

The result was a steady rise in prime industrial investment yields throughout last year—rising from about 7 per cent at the end of 1973, to 8.25 per cent in February, 9.25 to 9.5 per cent in June, 9.75 to 10 per cent in September and up above 11 per cent by December. Even then deals were difficult to agree, while any property in the slightest degree less than prime in location, design or covenant was virtually unsaleable. So secondary yields were often 14 per cent and above.

The situation has changed, however, this year—primarily because of the Labour Government's decision last December to end rent controls 12 months earlier than previously intended. This led to a gradual revival in the investment market over the early months of this year

as a number of major institutional investors which had effectively been out of the industrial market in 1974 slowly started to move back. The result has been a definite, and recently quite sharp, drop in yields. The current prime rate is about 9.5 to 9.75 per cent—a good one and a half to two points below the rate at the beginning of this year. But this only applies to modern rack-rented industrial and warehouse buildings in prime locations, especially near motorway links, and with adequate eaves height and parking and loading facilities. The point on eaves height—a minimum of 18 feet—seems to be especially important—reflecting an increasing awareness that the unit must be sufficiently flexible to be re-let quickly if necessary.

The locational preferences are the same as in the past—round the main road links into London, especially to the north and west, and on major motorways outside the capital. Such as along the M4, particularly near Bristol. But one leading industrial agent has noted in the past two or three weeks some interest in acquiring investments in the Leeds and Birmingham areas—a demand which he would not have said existed a month ago.

The decline in prime industrial yields has been greater proportionately than for shops or office investments—narrowing the traditional gap between them. This is largely the result of the greater amount of money which has moved into industrial relative to the other two sectors: one agent estimated for example, that over half the new investment now being carried out was in industrial.

Attitudes

While this is at best only an approximate guess it does indicate a change in the underlying institutional attitudes to industrial. This may be partly a matter of high yield at a time of rapid inflation but also possibly increasing acceptance of the argument put forward, notably by Percy Bilton, that the growth in industrial rents over a period of nearly a decade has been every bit as good as, and in many cases, better than, offices in all but the City of

Emphasis

But apart from this shift in investment emphasis, certain broader political influences seem to have been at work. Thus the view that more institutional money should go into industry of one sort or another seems to have made some institutions keen to invest more relatively in this part of the property market. It is clear, for example, that some nationalised industry pension funds have become more active investors in industrial.

But the amount of property for sale—particularly secondary buildings—should always be remembered and this is bound to act as a restraining influence on the market for some time, as presumably will the recession. Moreover, the limited revival so far in the investment market has not yet been matched by any significant increase in funding activity. Institutions are still generally only willing to finance developments where there is a definite pre-let to a strong covenant on terms perhaps one to one-and-a-half points above the current prime investment rate. Some other cases where developments are being financed in fact reflect prior commitment of some kind or another, with either the scheme or the company as a whole. But the willingness of certain of the large well-placed companies to press ahead with new development was underlined earlier this year by the statement accompanying Slough Estates' package of a convertible rights issue and £5m. loan for Finance Corporation for industry when the group said it intended to continue development, albeit on a smaller scale than before.

Peter Riddell

Hypermarkets

CONTINUED FROM PREVIOUS PAGE

1972 when the Department issued Development Control Planning Note No. 13 which laid down that any retail development of this size would be automatically called in.

The retail trade reckons that 13 is just not its lucky number. Those seeking to build hypermarkets do not accept the Department's claim that it is neutral on the question of hypermarket development and that each application is treated on its own merits. The cynics among the retail fraternity are to be heard muttering gloomily that the Department calls in the applications so that it can reject them.

Concept

Statistics on the matter tend to favour the cynics rather than the Department since they show that not only are successful applications rare, but that the whole process is excruciatingly slow. The figures have to be taken with some caution since the Note covers all developments of 50,000 square feet and not just those in out of town locations. It will also cover new shopping centre developments which are quite a different concept to the hypermarket idea. But as near as one can judge there have been only ten decisions on hypermarket applications between February 1972 and the end of April of this

year. Of this number only three were approved—one of which was an Asda superstore and the other two genuine hypermarkets. The hypermarkets concerned were the Carrefour at Eastleigh which is now in operation, and the 76,000 square feet Tesco at Irlam which is now being built.

Only ten judgments in three years is not a fast rate of progress and only three approvals is hardly a success story for the retailers. If anything the process could get slower still since there are currently 20 more applications with the Department at various stages of consideration, and with more and more retailers getting in on the act applications are coming in a lot faster than the rulings are being handed down. Just this week Sainsbury and British Home Stores announced that between them they had applied for permission for a 90,000 square foot store three miles west of the Colchester town-centre.

Damage

But if the going is particularly tough for the hypermarkets it seems to be a good deal easier for those pitching slightly lower. It does seem possible to get permission for sites for stores around the 20,000 square feet range, and there are probably some things like 150 to 200 of these in operation. The principle of the superstore is in many ways similar to that of the hypermarket in that most of them are geared to the motorised shopper, and they reap economies of scale as compared with smaller town centre sites. The hypermarket argument has turned out to be a highly emotional one. When Carrefour first started to introduce hypermarket development in the U.K. there was no evidence for or against, but a lot of impassioned pleading. Those opposed to the concept pointed to the experience in the U.S. and in some European countries where hypermarket development had been allowed to run unchecked.

The outcome of this in many cases was quite considerable environmental damage with large warehouse-type buildings in prominent positions dotting an otherwise pleasant landscape. A further problem in some areas was that unrestricted development led to overshooping—areas which could support one hypermarket comfortably ended up with two or three. None of the operators could make money in this situation and this was one factor leading to a damaging price-cutting war in the U.S. a couple of years ago.

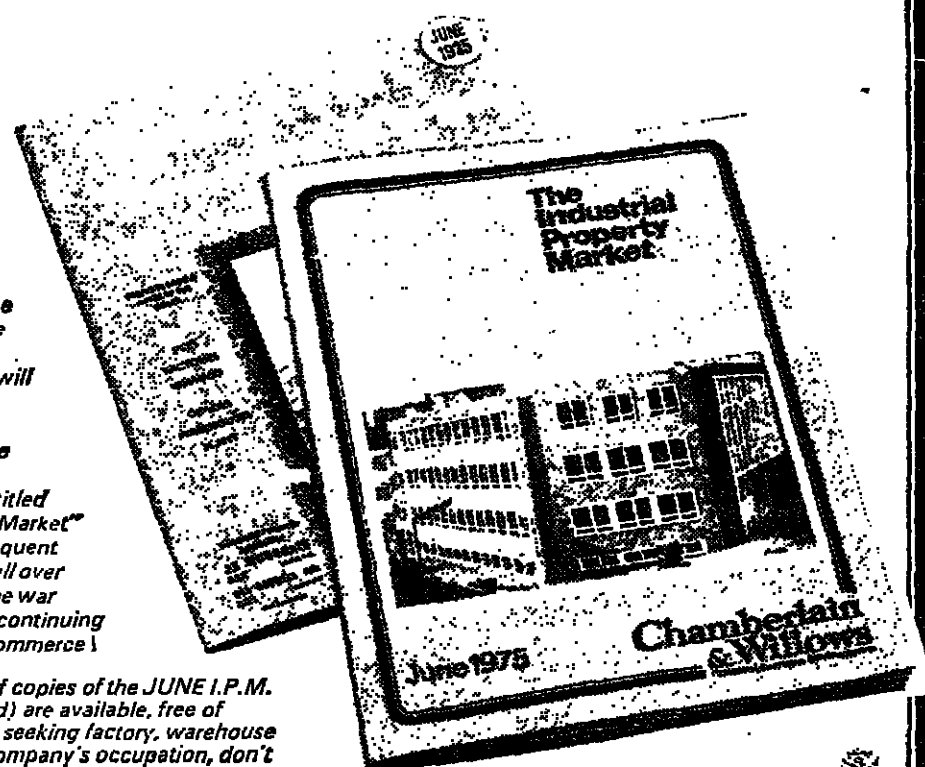
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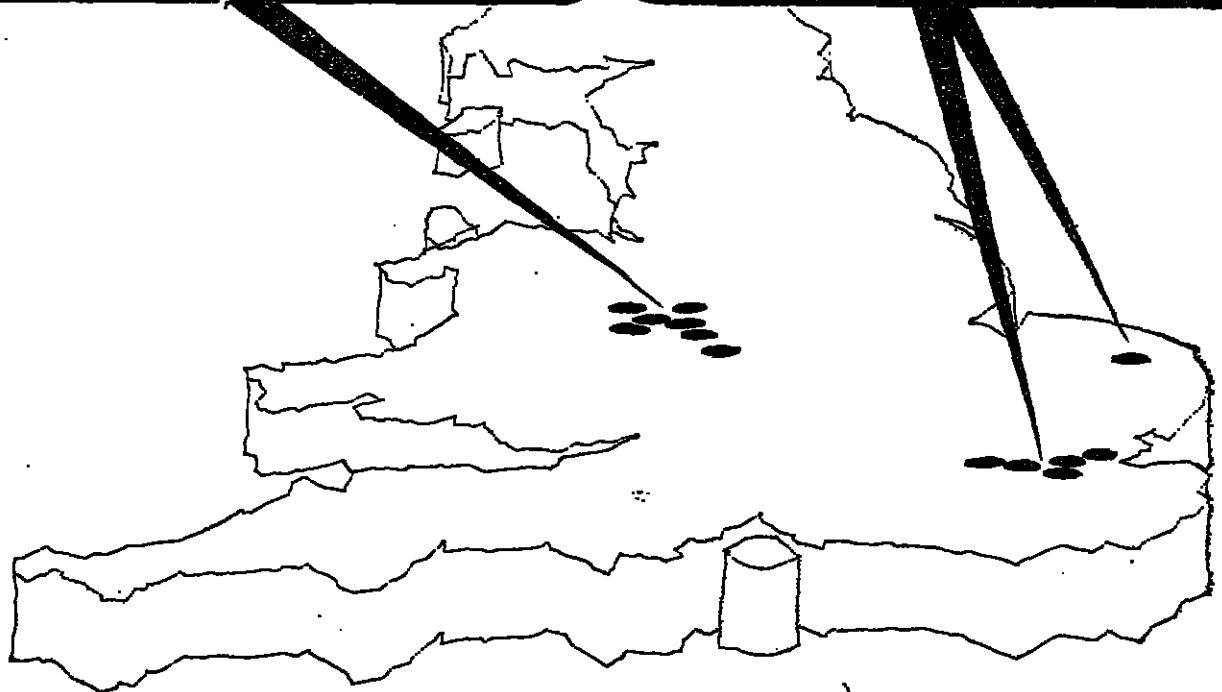


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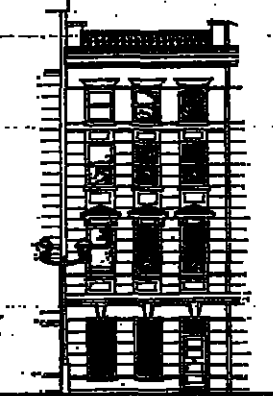
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PROPERTY XXII

As inflation continues and factories and warehouses
become obsolescent more quickly, more attention is being paid
to questions of industrial design. Greater flexibility
of use rather than design for a specific occupant is
one of the principal aims of current practice.

Industrial design

THERE ARE still industrialists in the U.K. content to opt for the lowest common denominator when it comes to investing in a factory or warehouse. "Make it cheap and cheerful. I don't care what it looks like as long as it works," they say.

Fortunately, this type of short-term decision-making is on the decline. Although it is essential that the industrialist gets the most effective building for the least possible cost, he has to look much further than just the initial outlay.

Management techniques must come into play. "Should I build this warehouse at all?" he must ask himself. "Would it be more profitable to lease space on a nearby industrial estate or one closer to the market for my product?"

"If I decide the best location for my new warehouse is next to my manufacturing unit, what kind of building do I erect? How do I finance it? Can I get an institution interested in a lease-back deal? How many years use do I anticipate from the building before the market for my particular product is saturated or disappears completely?"

As in any decision involving property, the basic question is location. Even for a relatively minor capital expenditure the industrialist must carry out some kind of feasibility study in nominating the location. For example, it would be the height of foolishness to lease a warehouse at a "bargain" rent if the effective savings in rent were to be quickly cancelled out by higher transport costs or high

labour costs because the necessary skilled labour had to be "imported" at a premium.

A basic question often overlooked is: "If I want to sell or lease my warehouse to someone else is the design flexible enough to attract a reasonably mixed range of would-be purchasers or tenants?"

Time and time again purpose-built factories and warehouses have to be disposed of at a discount simply because they are designed for a specific industry or company. Although the vendor may rightly claim that the offer price is 25 or 50 per cent. less than what it would cost to replace the particular property, this cuts no ice with the purchaser who wants the most effective building for his use.

As inflation roars on, as products become obsolescent more quickly and as capital becomes increasingly costly to borrow, the modern trend in design is for flexibility. The result is that many factories and warehouses have interchangeable use. This is especially true on industrial estates developed by private developers or partnerships involving local authorities and development companies.

Unfortunately, maximum advantage cannot always be taken of this flexibility because of political and planning interference. Industrial Development Certificate control, refusal of change of use by planners and the enforcement of impracticable covenants are costing British industry dearly. The

political arguments for moving much of Britain's motor industry from the Midlands to Scotland and Merseyside are being exposed as debilitating in economic terms. By being coerced to invest in the wrong places, British motor manufacturers now find they cannot compete against foreign companies. This, of course, is not the total reason for the present disarray of the U.K. car industry, but it is a major element.

The demand for industrial premises is greatest in London and the Home Counties and within a 30-miles radius of Birmingham—and to move jobs away is costly and disruptive to labour. On the other hand, it could be argued that the decentralisation of industry towards Manchester and the New Towns backed by modern motorways has created new areas for warehousing that were completely isolated 15 years ago. Scotland, for example, has been able to adapt fairly quickly to the demand for oil search and development products. The infrastructure is there. And it is only there because of planning policies, motivated by political priorities.

Another major factor affecting design, but now influenced by political interventions, is the availability of industrial land. With development gains tax and a promised Community Land law, market forces could be completely disrupted by political motivation. Industrial land in the Midlands, costing, say, from £25,000 to £80,000 an acre, may be discarded by central plan-

ners for cheap land in, say, Yorkshire at only £3,000 per acre. Apart from poor geographical location the Yorkshire land may be liable to subsidence. To bring it up to required standards could involve expensive corrective work which would make it dearer than the land in the Midlands.

But designers of industrial buildings, of course, can usually overcome site problems. The risks, and additional costs, can be overcome, but what a pity if they are the result of political decisions. Scores of industrialists and industrial developers have found their best-laid plans thwarted when a promised sewerage or water extension is not provided because of cost-cutting exercises by central Government.

Basic design can be wrongly influenced by planners. Often there is no economic reason for incorporating toilets, offices, heating and car-parking in a warehouse scheme. But if a planning consent is dependent on these factors, added costs areas.

Those property development companies which specialise in speculative warehousing, people like Slough Estates, Percy Bilton, Edonwall and Mackenzie Hill, have design down to a fine art. Generally, they are giving the customers what they want at the right price. There has been intense competition in this particular sector of the property market simply because the time scale between initial investment and industry (English Industrial Estates for example) and private

Estates let 1.15m. square feet of new factory and warehouse space. And that, remember, was during the three-day week and a credit squeeze period. Percy Bilton's rent roll last year was running at the rate of £3.25m. per annum. Success of that order demonstrates their design and construction techniques are effective. Not that developers alone have all the design answers. Architects like Foster Associates, T. P. Bennett & Son, and Ore Arup Associates are setting new standards in aesthetic appeal and functional use.

Structural steel design and fabrication companies like Conder have put Britain at the forefront of industrial design with such innovations as the Conder V-beam for flat roof construction. The V-beam, made from galvanised steel, requires no painting and is virtually maintenance free. It is designed not only as a load-bearing element but can take lighting panels, be used as a plenum chamber, can accommodate suspended heating or ventilation equipment or be used with the Conder ceiling. The V-beam, for example, was very effectively used in Pedigree Petfood's huge factory in Peterborough.

Another important innovation in industrial design is the Yorkshire-based Ward Brothers' multi-beam electrical trunking system. Like Ward's multi-beam system, which has probably captured a third of the U.K. market, the electrical system is designed to cut down on labour costs. Basically, the design allows the metal trunking to be a combined structural and trunking element. It has fittings to link up with any type of light fittings and eliminates the first fixing operation necessary with conventional conduit and trunking systems.

But there are also many specialist design areas in industrial buildings. Take cold-storage plants for example. Here the Swedish controlled Frigoscandia group can rightly claim that through its research and frozen-food storage and distribution experience, it had developed a specialised knowledge that few architects or engineers could be expected to have.

Industrial building design is constantly changing. Some appreciation of this change can be seen at Milton Keynes where the Development Corporation is erecting PVC-faced steel-clad warehouses. These steel panels, it is claimed, can be adapted for most shapes and re-used for expansion. In other projects glazed walls are preferred. No longer does the expression: "If you've seen one warehouse you've seen 'em all," hold true. Design improvements are never-ending.

Last year, for example, Slough Estates let 1.15m. square feet of new factory and warehouse space. And that, remember, was during the three-day week and a credit squeeze period. Percy Bilton's rent roll last year was running at the rate of £3.25m. per annum. Success of that order demonstrates their design and construction techniques are effective. Not that developers alone have all the design answers. Architects like Foster Associates, T. P. Bennett & Son, and Ore Arup Associates are setting new standards in aesthetic appeal and functional use.

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Kerry Stephenson
Estate Times

Peter Riddell

An offshoot of the Department of the Environment,
the Property Services Agency, which is responsible, among
other activities, for managing the Government's office properties,
is having to face up to the twin problems of rising rents
and tighter controls on public spending.

Property Services Agency

IT HAS been one of the ironies of the last few years when the relations between the property industry and Governments of both parties have so frequently been strained that the one arm of Government in active day-to-day contact on a commercial basis with the industry has had so little part to play in the key decisions. Yet the Property Services Agency is essentially an executive rather than a policy-making offshoot of the Department of the Environment—though it is, of course, a major influence on both the property and the construction industries in its everyday operations.

After all, the Agency, which was set up nearly three years ago mainly out of the old Ministry of Works, is the largest single employer of building labour in the country. It has a total staff of about 54,000 at present, both at home and abroad.

The Agency's general aim is to meet the needs of Government departments, including the Armed Services, and approved clients within the public sector, notably the Post Office, for land, accommodation, fixed installations and associated supplies and transport services. This bald official statement of aims in practice covers an enormously wide range of activities from the construction of a new Public Record Office, a Wind Tunnel and an East-West highway in Nepal to the maintenance of the Royal Palaces and Parks to the purchase of 84m. pieces of crockery and glassware every year and 16½m. bars of soap.

Offices

Of more direct significance for the property industry is the Agency's work in managing the civil estate which consists of 11,659 holdings of land and buildings, including 60m. square feet of office space. And it is the management of the office property which has aroused most interest within the property world over the last few years.

The debate has essentially revolved around the spiralling total rent bill the Government has faced in the last few years and the continuing large amounts of space in central London rented from developers by the Agency—prompting the long-standing description of the Agency as the "developers' friend."

The Government's office rent bill doubled in the four years to 1973. This was partly because of an average 2 per cent. annual rise in the number of civil servants working in the Capital between the mid-1960s and the early 1970s, but mainly as a result of the sharp rise in

market rents both for leasing new space and on the renewal of existing leases. In the two financial years since 1972-73, the bill in London has risen another third to about £40m.

The worrying longer-term implications of this trend were highlighted a year ago with the disclosure of the official estimate that over the next ten years the rent bill in London alone could rise to more than £125m, a year unless there is large-scale dispersal of civil servants out of London (on the lines of the proposals of the Hardman Committee) as well as some major building of Crown-owned property. Moreover, the forecast is based on the assumption of no change in rents from market levels operating then—after a rise of five or more times in central London over the previous decade—and of no increase in the amount of space rented above the current total.

The projection is based on increases in rents payable up to 1974 market levels on review or expiry of leases—and the Government does have a number of policy options. The basic long-term policy now is that the balance of office use in London will be switched away from the current dependence on renting for 70 per cent. of space. The present total of 300 rented buildings will, it is hoped, be cut down both by a policy of building a number of large new Government office blocks and by dispersing civil servants from the capital altogether.

Most of the civil servants remaining in the capital will have some more or less direct connection with policymaking, so it is intended to concentrate most of the central administration in the vicinity of Whitehall, on both sides of the Thames. There are thus plans for two large new blocks south of the Thames—one near Vauxhall Bridge (originally intended to house 6,000 or 7,000 civil servants) and another in Elephant and Castle. But this has faced certain planning problems within London—in particular the wish of the Greater London Council to spread office employment out of the centre into the suburbs. This is in contrast to the view of the Government that those who remain should be in the centre. There has been concern about the bulk and scale of some of the proposed buildings and planning discussions are continuing on the proposals for the Vauxhall development.

The other—and crucial—blockage has been the ever-tightening controls on public spending. The cuts of autumn 1973—in other words the first in the current series—immediately postponed the start

of work on any of the current building or renovation projects. But this limitation is not new. Earlier plans for public buildings have been frustrated for similar reasons: after all, only two Crown owned office buildings have been constructed in London since the First World War—the Ministry of Defence complex in Whitehall and the Department of the Environment's own headquarters in Horseferry Road.

These curbs are unlikely to be lifted in the near future, and meanwhile the continuing calls for additional space to house some new department or official agency involves further

renting and a steadily increasing rent bill. The Agency has looked at various ways round these limitations including the possibility of using private finance but this would involve certain changes in the law, which seems unlikely in the near future. Anyway private sector finance is hardly readily available at present for development. But the very limited progress in the office policy objectives should not detract from the other work being carried out by the Agency and, in particular, the significance of the departmental Agency concept.

Peter Riddell
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PROPERTY XXIII

The present state of the public housing sector and its future role in helping to house the nation are currently undergoing what is perhaps one of the most fundamental reviews ever carried out. What is always a controversial issue promises to become more so.

More council housing starts

OR THE PAST YEAR to 18 months at least, the local authority housing sector has enjoyed a relatively successful period of growth and expansion. Indeed, it has represented just about the only bright spot in the whole of the construction industry which is still struggling to emerge from one of its worst-ever recessions.

Last year, in fact, the level of activity in the private housing sector was so disastrous that nothing more than an average performance on the council housing side ensured that local authority programmes made the greatest contribution towards increasing the nation's housing stock.

Total housing starts in 1974 reached only 251,000 against 27,000 in the previous year. While private sector starts fell from 225,000 to just under 150,000—the lowest level since 1953—local authority starts rose to 146,000, an increase of 1,000.

At the same time, total completions stood at 269,000, about 5,000 down on 1973. Council housing completions rose substantially from 107,500 to just over 129,000 while private completions went in the other direction, from 188,000 to under 40,000. The latest figures for 1975 suggest that the public sector remains fairly buoyant, with starts up on the same level as a year earlier and completions running as high as 30 per cent. above the same level recorded in early 1974. The big question, however, is just how long this rate of building will be kept up now that massive cuts in public expenditure are in the cards.

Having led the housing programme for the next part of two years, the public sector could now well be set to revert to its traditional role of backing up the private housebuilding industry, which is now clearly picking up.

But over and above the cyclical fluctuations which have inflicted themselves upon the construction industry in general and the housing sector in particular over recent years, the Government is now looking closely at the whole question of the existing system of housing finance, the problem which lies at the root of many of the present difficulties. A few days ago Mr. Anthony Crosland, Secretary for the Environment, clearly put his Government's case. The country could and must find a better system of housing finance, one which was more efficient and more equitable than the present "dog's breakfast."

Understanding

The Minister first called for a better understanding of how the housing system and the arrangements for housing finance actually worked, otherwise people would "continue to struggle and stumble in the small dark room of our prejudices."

The basic questions to be asked and answered before any effective rethink of policy can be done include: how much should individuals pay for that housing, and what are the wider social implications of the way in which housing is organised?

On the question of payment for decent housing, perhaps one of the most controversial points of all is raised, the degree to which society as a whole should subsidise housing and how it is distributed. Some people argue that the provision of accommodation is a social service, and ought to be provided free while others claim that housing should be a "consumer good" and that the State should play no part in providing it or allocating it. The present Government has made it clear that as far as it is concerned the public housing subsidy will continue as a purely free market in housing

would have hopeless defects, leaving the worst-off members of the community in intolerable living conditions.

As Mr. Crosland himself pointed out, a great deal of resentment against the way in which the present housing finance system works springs from comparisons between the different tenure groups. The owner-occupier believes that the council tenant is feather-bedded by subsidies while the council tenant sees his rent go up regularly while the owner-occupier continues to enjoy mortgage interest tax relief, as well as sitting on what can be a sizeable capital gain. The private tenant, said the Minister, "looks wistfully at both of them."

Against a background of rapidly rising inflation and severe financial difficulties for local authorities, those supporters of the private sector have recently been making great play of just how substantial the current level of subsidies in the council housing sector can rise. Mr. Crosland has been forced to admit that the situation has in some cases

got out of hand and that substantial increases in rents—at least in line with the prevailing rate of inflation—will be necessary.

The House Builders' Federation, which clearly has an axe to grind, recently provided figures which showed that a Welsh borough council was planning to build council houses which were likely to cost around £15,000 each. The cost will push up the rents of all other council homes in the borough by up to 67%.

The house builders say the estimated economic rent for one of the houses would be £37 a week compared with a fair rent of about £7, the deficit being made up by Government subsidy, council house rents or rate increases.

In a wider inquiry into the degree of subsidies for local authority housing, the Alliance Building Society recently revealed details of a survey which threw up some illuminating facts and figures. The society's inquiries showed that the average weekly cost of a new, three-bedroom home built to Parker Morris standards—better in many cases than those pre-

vailing in the private sector—was £34.80 a week in those authorities approached, ranging from extremes of £49 to £24. With average rents calculated at £5.80 a week, the average cost to be met, ignoring rebates, was £29 per unit each week. The Alliance also pointed out that some councils charged rents for only 48 or 50 weeks a year, making the level of subsidy still higher.

Mr. Crosland, within the last few days, made certain remarks on the need for an overall review of finance which were widely misinterpreted to mean that if subsidies to the local authority housing sector were to be reduced, then a similar approach would be required in the private sector, namely a possible reduction in tax relief levels on mortgages.

Such was the immediate strength of protest—some 5m. borrowers could find mortgage repayments rising sharply if existing tax relief levels were cut or removed—that Housing Minister Mr. Reg Ffreson went on record earlier this week to deny that the Government had any such considerations in

mind. Governments have been more than ready in the past to allow building societies to take the criticism when mortgage rates rise and the present one in particular would not wish to go down as the first administration which effectively and directly took a decision to push up the cost of buying a home.

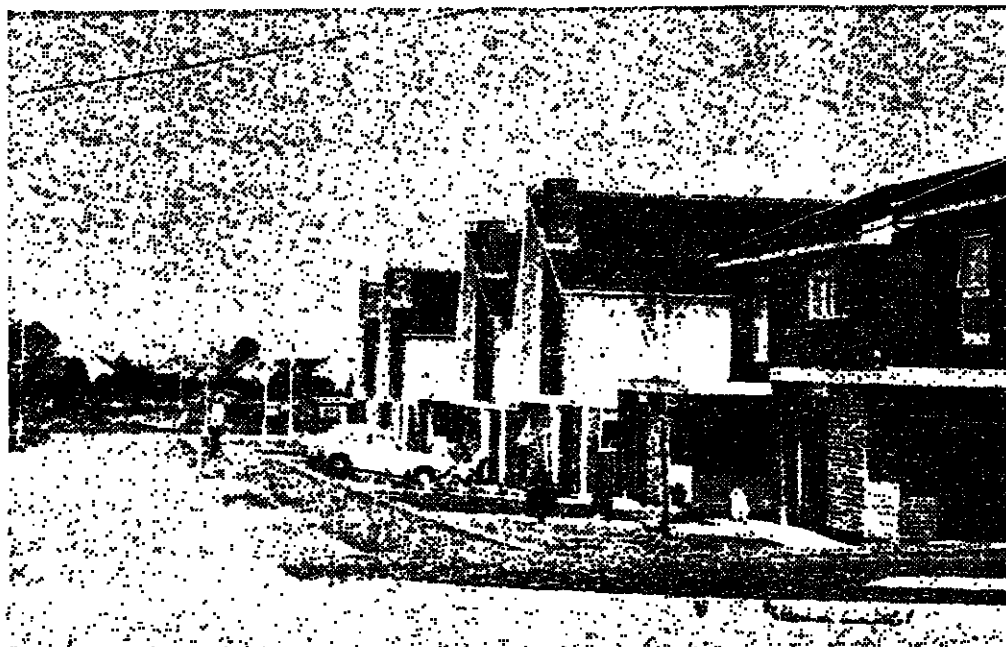
There is one other major point of controversy now being openly and actively debated, the Government's commitment to a programme of ongoing municipalisation, or the acquisition by local authorities of homes in the private sector, the complete reverse of Conservative policy which calls for the transfer of local authority homes into the market place.

Local authorities have been given a general consent to acquire existing accommodation, subject to cost and rateable value limits and particularly in areas where the need for housing aid and social action is most urgent.

In order to maintain its much-cherished municipalisation programme, the Government recently decided to reallocate housing funds in favour of its scheme at the expense of funds previously made available for local authorities to lend out on mortgage for home ownership. Local authority lending for private house purchase was effectively cut to 50 per cent. of the amounts actually advanced in 1974-75, a decision which has met with considerable criticism and which has already had substantial repercussions up and down the country, with town halls cutting back or completely stopping home loan programmes for the current year.

Building societies have been called on to see whether or not they are in a position to make up the switch from local authority lending, amounting to about £100m. It is something of an irony that in order to enable the Government to pursue a programme of removing homes from the private sector and placing them under public control, the building societies, whose sole purpose in life is to promote home ownership, are being asked to help out.

Michael Cassell



The Bernard Sunley residential development at Chiltern Park, Aylesbury, where prices range from £17,250 to £19,950. Agents Connells say "units are selling exceptionally well."

The news that the Government is to allow the special advance ceiling on mortgages to rise from £13,000 to £20,000 is welcome but hardly likely to set the private house market on fire. It is around the revised ceiling that the market switches off.

Private sector malaise

THERE IS a curious malaise in the private housing market at the moment except in houses at the lower end of the price scale. It is not difficult to see why this should be so. There is simply not enough money around to support a buoyant market in the middle and upper ranges and what money there is is exceedingly expensive to borrow.

There have been scare stories that the market is about to take off, and some rather alarming and misleading figures from agents about by how much prices have already risen this year. The generally acceptable limit is by about 5 per cent. so far. And with mortgages averaging around £7,000 it can be seen that this does not represent much of a rise in the price of the average house.

Potential

And yet the classical signs of what should be a boom are there. Prices in most categories of house have fallen in the past two years and—except at the top—are only beginning to recover. At the same time wages have gone up by a considerable amount. Therefore more and more people should have been drawn into the net of potential house owners.

The similarities and differences of the present situation compared with the last boom make an interesting comparison. The price rises in 1971/2 were quite remarkable—in 1972 alone there was an average increase of 47 per cent. according to the statistics prepared by the Nationwide Building Society. The rises in the boom period have been denounced by various bodies for their own end. Politically much was made of a Conservative government "allowing" prices to rise to such an extent. It could be said that the era of gasping and profiteering had much to do with the Conservatives' downfall.

Those who were and are active in the housing field in helping the less fortunate pointed out the fact that fewer and fewer people were able to

afford a home of their own. But there was in fact a case for denouncing the rises as unnatural and anti-social?

To pretend that prices reached an artificial level is to divorce the whole system from reality. People only pay for their house what they can afford at the time. Houses in the boom period were bought and sold at those high prices because those prices were affordable. In an open market in housing it can never be anything but otherwise. Until the dreadful day when all housing is controlled by the Town Hall market forces will continue to set the price levels in the private sector.

Much was made of the role of the building societies in what was described as the fuelling of the boom. But this was only one contributory factor. The time was ripe for a large increase in prices. In relation to incomes and to borrowing power the price of houses had hit an historical low. The message was quickly appreciated and the natural cupidity that lies in all of us pushed on the bandwagon to ridiculous speeds.

There can be no doubt that at the very end of the boom things had got somewhat out of hand. Prices were being asked and obtained that were above reality but simply because there was no end in sight on this new found road to riches. Many people over-extended themselves on their borrowing and are still paying the price. There would have had to be some cooling of the fervour even if other factors had not been introduced that firmly put an end to this dreamland and caused a fallback in prices. The reasons for the fallback are interesting and can still give us some pointers about the current state of the market and what it can possibly hold for the immediate future.

The boom was fuelled by not only originally low asking prices in relation to income but by cheap finance. There are no doubt many fond memories of the days of the 8½ per cent. mortgage. In the middle and latter part of 1973 the bad news

was brought from the Building Societies Association to the householder. In that time the mortgage rose from 8½ per cent. to 11 per cent. and has remained there since. This came as quite a shock to those who had been buying in the boom times. Whereas they might have thought that they were borrowing up to the limit when they bought it now became apparent that they were overextended and that some cutbacks in other expenditure would be needed.

Momentum

Others who might have bought the house of their dreams at 8½ per cent. saw it gradually floating away beyond their reach as the mortgage rate climbed. It is significant that the first cracks in the boom market were first noticed when the rate reached around the 9½ per cent. level. There was still some momentum left but it did not last very long.

A report published in 1973 by the Royal Institution of Chartered Surveyors in association with the Department of the Environment showed that it was in the critical quarter up to the end of August that the cracks began to show. It was at this time that the mortgage rate began to show some bite. Even taken in isolation mortgage rate can, therefore, be an incentive or otherwise to activity in the market.

But after this there was more bad news to follow. The economic outlook became progressively more gloomy. After what might be called the natural slowing down in the market, 1974 showed an incredible slowing down in turnover and further price reductions. Then near the end of that year came the news of the oil price increases. This threw all economic forecasts out of kilter and the basic message was one of gloom. At the same time there was a drying up of funds into the building societies which would have provided finance for those who still had the courage to go ahead and buy. It seemed at the time that this was the end of the road.

Nothing much has changed since that time. It is this erosion of confidence that is preventing the price rises which under the present circumstances would normally occur. Another factor militating against rises of any significance is that real disposable incomes are not rising in line with wage levels. And— even after tax relief—the mortgage is provided out of take home pay.

The third and by no means least important factor is the ever increasing cost of simply running a house. The enormous rises in rates are familiar to everyone. The increases in the cost of electricity, gas and other services have also been steep. Given all these factors it would seem that while there will be a steady increase in prices particularly at the lower end of the market and a narrowing in the price band of houses bought and sold there will be no runaway boom.

The price of new houses must inevitably rise to reflect the increased cost of building them. By how much and to what extent it will drag up the rest of the market remains to be seen.

Joe Rennison

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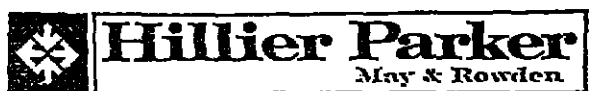
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WITH the recent cut back in the property world, leading to the cancellation, or at least postponement, of a number of grandiose building proposals, the epithets aimed at the architects' contribution to post-war developments are beginning to become less strident in tone.

There is good reason why this is so. For the public there is the welcome sign that high buildings are no longer being erected for the sake of their height and thus their so-called impressiveness. Having said this, however, the need for height in the most concentrated areas of city development must not be overlooked. In an area like the hub of London, the square mile, the expansion of business and the concentration of easily accessible policy-making directorates and their personal staffs, demand (collectively) more office space while still taking advantage of decentralisation for their routine staff (I shall quote a case in more detail later).

Replaced

The City of London in particular is an easily understandable case where except for major historic monuments and churches, the fabric has been almost completely replaced about every 50 years; I know at least one site on which I have seen three succeeding buildings. We are not likely to see much difference in rebuilding in the City in future. But what has been done in the way of control is considerable. There is the Corporation's policy of grouping high buildings to the north and east of St. Paul's, taking advantage of the fact that the north-east is the direction from which there are the fewest long views of the cathedral. And there is the Greater London Council's policy of preserving the view from the south-east bank of the river by excluding high buildings from within an imaginary wedge of a circle, the point being somewhere near County Hall. All these factors contribute as much as possible

to a city environment which is constantly and necessarily changing but which is successfully retaining much of its ancient character within the hum and bustle of its modern functions.

Coming to more detail in considering the aesthetic responsibilities which the public rightly see are so lacking in most cases, above ground level, it must be appreciated that a great deal has been done nearer eye-level, although it seems that so few people have the gift of an aesthetic sight which can appreciate these things. An example can be found in front of the Commercial Union Tower and

its neighbour the P & O building, both fine examples of city architecture. There the two complementary buildings line two sides of a square, which is otherwise open and where there never was a city square before. With the planting of good forest trees, with a well-paved floor approached down a few shallow steps from St. Mary Axe and Leadenhall Street there has been provided a positively uplifting open space for the enjoyment of all; a substantial gain.

Much was said some years ago about the disappearance of these little alleyways and courts used as short cuts by both brokers and messenger boys to and from the commercial exchanges. These have indeed disappeared in a number of cases, but their place has been taken by a far more liberal provision of thoroughways under and beside new buildings on old sites. A major example is the link between the north end of Coleman Street and the Barbican, through the garden of Woolgate House, across Gresham Street, up the steps to the City Museum and through to the high level crossing of London Wall.

Variety

Throughout the whole of this route there is constant variety of view, much good landscape planting, statuary and general visual interest. The sum total has been provided by architect, artist, developer and public authority working together in a city where space is as precious as anywhere.

It is often a good thing to consider spending space wisely instead of merely saving it. Another great advance on the work of previous generations is the use of the ground level of the actual building itself. A recent instance of this can be seen at the new headquarters of Sedgwick Collins the insurance brokers, in Aldgate High Street.

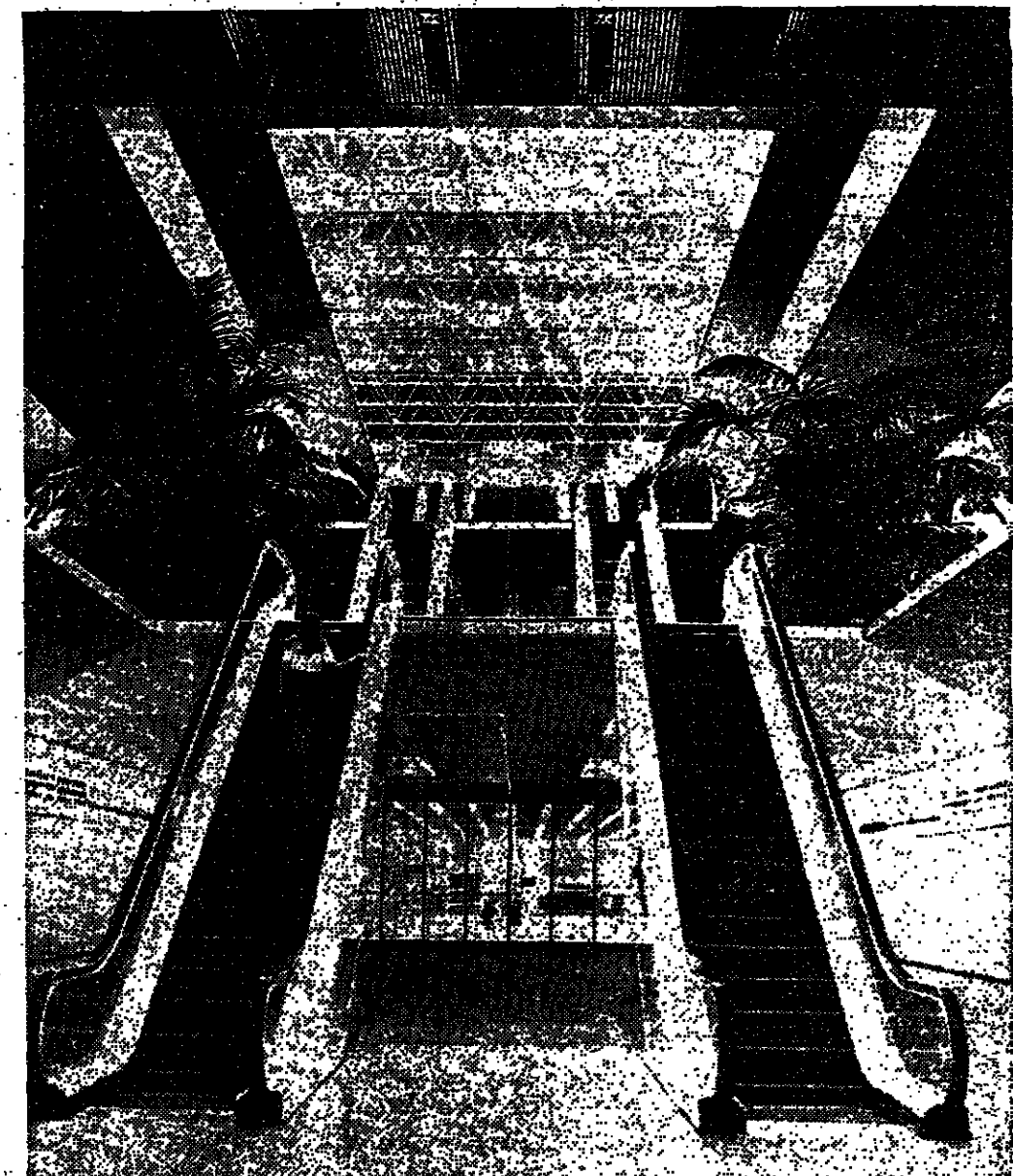
In Part I of this Property Survey last Monday Kerry Stephenson and Patience Wheatcroft were by-lined as writers on the Estates Gazette. In fact they are both on the Estates Times. We apologise for any embarrassment this may have caused.



New square formed by the P & O and Commercial Union buildings.

insurance and Willis Faber and Dumas Co. have provided an interesting example of the importance of attractive amenities to compensate staff for leaving London. Their building, already reviewed in this paper, is an amazing and original conception by Foster Associates to house 1,300 staff on one highly irregular site on the edge of the town centre. Two storeys only are used as offices, each of these stretches to the extreme limit of the site and is entirely open, carpeted in lime green. The glass walls of the building form the only enclosure to the interior. The two open office floors are pierced in the centre by a spacious double escalator well. The top floor, limited to a relatively small space, comprises the restaurant opening on to the flat roof a large part of which is grassed and planted for outdoor recreation. From the street the enclosing wall of the building, which is wholly of bronze glass panels, wraps round the curving perimeter in one continuous ribbon. The entrance opens immediately to the main hall, with the escalators silently rising and falling through the well. The view is first attracted to the lattice structure of the roof restaurant high overhead and the galleried edges of the office floors. Then past the escalators at ground level, past the coffee area behind them, through the glass screen to the swimming pool and ultimately out through the glass wall enveloping the building to the street beyond. These few examples indicate the benefits that thoughtful architectural design, modern planning and the responsibility to public amenity, can bring about in times of financial strictures and demands for revenue producing space. Latent abilities are only waiting to be triggered off from within this hard pressed profession.

H. A. N. Brockman
Architecture Correspondent



The ground-floor central area of Willis Faber and Dumas building in Ipswich.

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Project Management, Valuation and Development Advice

Germany is to sell Brazil a ready-made nuclear energy industry. Some say this is an explosive thing to do. By David Fishlock

Sensitive export of sensitive technologies

THE WORLD'S first treaty in which one country agrees to provide another with a virtually ready-made nuclear energy industry—a complete package of nuclear fuel services as well as reactors—was signed in Bonn on Friday by Dr. Hans Matthöfer, West Germany's Minister for Science and Industry, and Dr. Shigeaki Ieki, Brazil's Minister for Mining and Energy. They thus brought to a conclusion six months' of negotiations since the U.S. rejected Brazil's overtures last year.

For West Germany the treaty is expected to bring three important rewards. First, it will mean export contracts for reactors and other industrial plant worth upwards of £1.9bn. Second, it will guarantee supplies of Brazilian uranium for Germany's own fast-growing nuclear industry, in the absence of any indigenous reserves. Third, the treaty will provide the first commercial demonstration of a new uranium enrichment technology which, because of its energy demands, there is almost no hope of using in Europe.

Kraftwerk Union, the Siemens-AEG joint nuclear subsidiary, will supply Brazil with eight 1,200 MW pressurised water reactors between now and 1990. STEAG and Interatom will provide the enrichment plant; and KEWA, a joint subsidiary of Bayer, Hoechst, Ielsenberg, and Nukem, will apply the reprocessing plant in Brazil. The Government recently created the State-owned nuclear group Nuclebras to manage the contracts.

Substantial as the rewards obviously will prove to be—one observer rather imaginatively describes the German delegation at a recent meeting as smugly silent with the word "Brazil"

wreathed in smoke above them. The U.S. has made no secret of the fact that it objected vehemently to Germany's willingness to provide Brazil with certain "sensitive technologies." These are the technologies with which a nation can convert a perfectly innocent nuclear energy industry into a source of nuclear explosives.

There are three "sensitive technologies" associated with the nuclear fuel cycle (see accompanying diagram). One is uranium enrichment, the process by which the fissile uranium-235 component of uranium is increased from its natural level of 0.7 per cent. Another is spent-fuel reprocessing, the "recycling" process by which useful by-products—including the fissile plutonium-239—are reclaimed from the ashes of nuclear reactors. The third is heavy water production, another enrichment process which can enable some reactors to operate—and hence plutonium-239 to be made—without the need for uranium enrichment.

Secrecy

The world's primary safeguard so far against a proliferation of these "sensitive technologies" has not been secrecy—except in the case of uranium enrichment—for both heavy water and fuel reprocessing technologies have been freely published. The main difficulty has been the sheer difficulty and expense every applicant has experienced in the 33 years since the start of the Manhattan Project in the U.S.

For example, the Canadians have only just finished completely rebuilding their first heavy water plant, after it had failed to work. The U.S. may have to do similarly with a

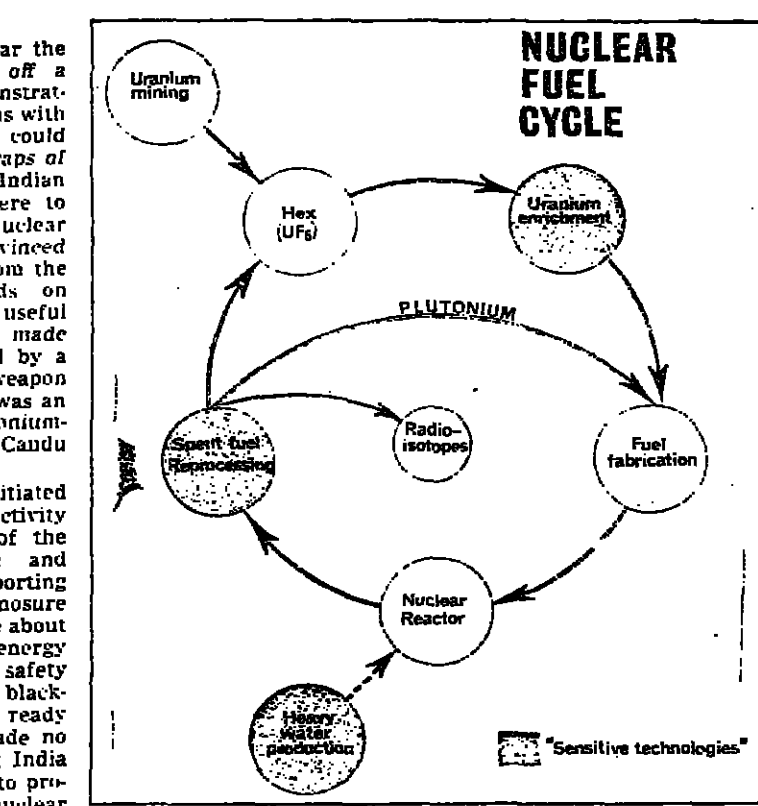
\$65m. reprocessing plant.

But on May 18 last year the Indian Government set off a nuclear explosion, demonstrating that third-world nations with enough determination could overcome the twin handicaps of difficulty and expense. Indian protests that its aims were to make and use "peaceful nuclear explosives" (PNE) convinced no-one. Unfortunately, from the standpoint of safeguards on nuclear explosives, no useful distinction can be made between the threat posed by a PNE and by a nuclear weapon reactor.

The Indian explosion initiated a flurry of diplomatic activity in Washington, capital of the world's most energetic and successful nuclear exporting nation, but also the cynosure of a fierce domestic debate about the dangers of nuclear energy that ranges from reactor safety to the risks of nuclear blackmail. The U.S. found a ready ally in Canada, which made no secret of its chagrin that India had used Candu reactors to produce plutonium for its nuclear explosion.

By last autumn Washington was in bilateral discussion with six other countries, including Russia, all potential exporters of the three sensitive technologies within the foreseeable future. The aim was to try to find safeguards that might prevent a nation using its nuclear energy industry to make explosives, or using technology transferred for civil purposes to build clandestine plants making weapons.

To obtain agreement from the seven to sit round the same table required considerable negotiation. It was not a subject that could simply be left to the Non-



proliferation Treaty (NPT) U.S., whose reactor technology they had licensed, and were even prepared to tear up the licences and proceed alone. They also have highly developed enrichment and reprocessing technologies of their own.

Doldrums

In many respects, the French were the most difficult of the seven to satisfy. Their nuclear industry, in the doldrums until the late 1960s, has since been radically transformed into one of the most vigorous, highly competitive with the U.S. in Europe and in several third-world nations. They have made it plain that they would tolerate

no sanctions on the part of the U.S., whose reactor technology they had licensed, and were even prepared to tear up the licences and proceed alone. They also have highly developed enrichment and reprocessing technologies of their own.

Neither—with a single exception—were those represented concerned with the safeguarding of nuclear reactors. Canada, however, is still very sensitive about what it sees as flagrant abuse by the Indians of its readiness to transfer Candu reactor technology. The Canadian government has not built a reprocessing plant but has stockpiled spent fuel in what was claimed recently in London as the "largest plutonium mine in the world."

Yet it must be admitted that the seven prospective exporters of the sensitive technologies do not have many strong cards to play, short of agreeing unanimously on a policy of abstinence from sales to nations that have not signed and ratified the NPT. This certainly would not appeal to the French, who have themselves been barred from U.S. nuclear weapons technology—take the view that they will neither help nor hinder the aspirations of other nations.

Germany, too, has made it plain that it regards its nuclear fuel cycle as a "no-nonsense" process of enrichment strictly as export technology. STEAG, the industrial group behind the process, talks of offers of joint ventures it has been making to all of the world's major uranium-producing nations, in government-backed efforts to secure uranium supplies for West Germany.

Neither can too much reliance be placed on the inherent difficulty and expense. Canada has published freely not only the process technology of its heavy water plants but the problems it has encountered and solved. With enrichment there is evidence that the "nozzle-type" processes being exploited by the Germans and South Africans, even though energy-hungry, may be simpler to engineer than the established enrichment techniques.

One possible approach to safeguards being explored by the club of seven is that the International Atomic Energy Agency (IAEA) in Vienna should try to work out a new system of safeguards embracing the entire nuclear fuel cycle, so that all materials—from uranium ore onwards—are accountable. Even those nations which have refused to sign the NPT have agreed to comply with IAEA safeguards so far. The plants Germany will build for

Brazil are to be covered by IAEA safeguards. Also being explored is the suggestion that exporters of complete fuel cycles might agree on a complex system of assurances first required of their customers. So far the signs are that anything useful would be very complex, would probably still have loopholes, and would not necessarily be any more secure than IAEA safeguards on the complete fuel cycle.

Monopoly

A third approach—and one Britain favours—is that exporters of the sensitive technologies should concentrate on selling services rather than processes and plant. Canada, with virtually a world monopoly of heavy water production, would be very happy with such an arrangement. Britain is already hoping to secure sufficient cash in advance from process technology of its heavy water utilities—about £150m. has been under discussion—to construct reprocessing capacity in Britain virtually exclusively for Japanese fuel.

But one-time U.S. attempts to monopolise enrichment supplies for the West, ostensibly in the interests of safeguards, met with a very cynical rejection by Britain, Germany, France and Russia, all of which have now joined the U.S. as enrichment suppliers. Any hope of success with this course of action would probably rest on the willingness of the exporting nations to build jointly-owned plants on the customer's soil, or in a region where several nations might share ownership. And it could be no guarantee that the host nation might not some day unilaterally nationalise the plant, in what it construed as "the national interest."

Letters to the Editor

Sledgehammer hits profits

From the Head of P & O European and Air Transport Division.

Sir—May I commend Sandy McLachlan's article "Softening the Bite of Food Margin Control" (June 25) as compulsory reading for those connected with the formulation and implementation of the current U.K. Price Code.

While the article deals mainly with problems the Code has created for food manufacturers the same difficulties beset those responsible for managing vital service industries such as road haulage and coastal shipping. Moreover, transport companies face the added problem of striving to operate within the framework of a Code designed for manufacturers and retailers that has been severely bottlenecked to deal with other situations.

After three years of controls applied with the finesse of a sledgehammer, we face a situation where the combined effect of cumulative productivity reductions, restrictions on allowable costs and delays in gaining approval for price increases has eroded profit margins to the point where U.K. domestic transport businesses are being run at a loss. The implications for the economy generally and employment prospects of those working in these essential industries are clear and will become increasingly evident.

If the market place in a highly competitive industry such as transport is not considered to provide a sufficient curb on excessive prices, or if political considerations demand some form of central control, then let this control be realistic and not such as will drive companies out of business. In point of fact there is a perfectly simple control already in existence in the shape of the profit margin reference level, that is the permitted margin on sales based on historic performance.

Sole mechanism

Of course, present reference levels, related as they are to times long past, are unsatisfactory. But their use as a sole control mechanism would go some way to restoring the transport industry's ability to provide the service that the nation needs, while ensuring that company profits are not excessive. What is needed to make this control practicable is a means for reviewing reference levels in light of real and significant changes in technology and methods of production.

Analysis and approval of cases made by companies for an adjustment to their reference level could surely be a more meaningful way of using scarce Price Commission time. It certainly could be a progressive step that would allow more productive use of the time senior management currently spends in attempting to come with the blinkered approval of the present Code, which has become so complex that it is frequently difficult to get clear and timely guidance from the Commission's staff themselves.

McLachlan concludes his article by saying there are signs that the strain of detailed intervention in pricing policies is intolerable when controls are maintained too long. Let us hope the implications of these signs will be recognised and acted upon before the situation becomes irretrievable. O. Leach, 25, O Building, Leadenhall Street, E.C.3.

Productivity & production

From the Managing Director, Rhodan Partners.

Sir—If Lombard had taken account of the distinction between "productivity" and "production" in "The productivity obsession thread" (June 26), I do not think he would argue that "high productivity" is one of those good things of which we can have too much.

High productivity means a given output of "production" for relatively little labour, fuel and other inputs; it is a measure of efficiency of production and of efficiency of the economy as a whole. We can hardly have enough, for a long time to come.

There is no need to produce more than we want to have. Doing so at a high level of productivity means we conserve our resources, including labour and fuel. What is so wonderful about full employment and the right to work, except as a yardstick for paying wages? We must, in the long run, find a way of paying people for living, including but not primarily related to the activity of working, and "paying" machines (by investment) for producing goods. We shall then have no reason for demanding or promoting full employment when what we really, and rightly, want is less work and more pay—obtainable through higher productivity and mechanisation. Would that not be progress?

G. Wittenberg, 231 The Vale, Acton, W.3.

Continuous effort

From the President, H. B. Maynard.

Sir—May I disagree strongly with Lombard (June 26) who maintained that high productivity is "one of those good things of which we can have too much." Companies face automatic competitive death if they underestimate the importance of productivity. Any country whose productivity lags behind that of its competitors is doomed.

A higher labour output per hour and a high return on capital invested means more money available through taxes for better education, improved healthcare and social services. If a company's productivity is low, it can only pay low wages or it cannot survive. It will have no money to invest and will pay less in taxes.

If the Japanese decide to spend more on social services, it does not follow that their productivity must drop. On the contrary, it should increase to "pay" for higher welfare spending.

The unemployed maintain companies should stop striving to increase productivity. After all nothing is easier. For example, you can appoint two men for every job available and thus reduce productivity. It requires imagination and perseverance to increase productivity. This continuous effort lies at the base of all progress. Laurence van den Muyzenberg, 140, Park Lane, W.1.

Economics of distribution

From the Deputy Chairman, Industry Committee for Packaging and the Environment.

Sir—We would not disagree with Miss Christine Thomas (June 26) when she compares the relative advantages of glass and metal used as containers in the soft drink and brewery trades.

Her analysis, however, ignores one vital factor—that of the economics of distribution. Returnable glass is not economical in either money or energy terms when the bottles are returned on a regular basis. At present, this is the case in the pub trade and with milk bottlers where the bottles are reused many times. On the other hand, very substantial economies in distribution have been achieved through the development of self-service and supermarketing in the grocery trade which has largely been based on one-trip "bucklers." There are no facilities for handling returnable containers in these outlets. To provide them would certainly impose additional costs thus offsetting the savings which this new form of distribution has brought.

The examination of this complex issue must embrace not only the availability of materials and the energy used in their production but also the energy applied in the distribution of goods and in the recovery of packaging. D. McLeod Baynes, Fountain House, 10, Elm Park, Starnmore, Middx.

No bonus element

From Mr. D. Buckley.

Sir—In his letter (June 26) Mr. Goslin gave Plantation Holdings as an example of a rights issue at par producing a "bonus" to shareholders. Dealings began in the new 10p shares on July 11, 1974, and there were dealings marked in the new shares, nil paid, at 28p and 29p. The old shares were 80p ex rights. Mr. Goslin said that the new shares which exactly equals the price of the new shares in July 1974, plus the 10p share price, far from making a gain, therefore, he merely subscribed 10p per share for 11 months for no return, apart from one dividend.

Harold Wilcott's point was that a rights issue cannot give a bonus to shareholders since the equity of the company already belongs to them. It is doubtful whether dividend limitation changes the basic principle and Mr. Goslin's example merely proves it. Derek R. Hayward-Short, 25, Alder Road, Gt. Witley, Cheshire.

Today's Events

GENERAL
Mr. Leo Tindemans, Prime Minister of Belgium, has talks with Mr. Harold Wilson, London.
Transport and General Workers Union conference opens, Blackpool.
Mr. Elliott Richardson, U.S. Ambassador, attends "Justice" meeting, Old Hall, Lincoln's Inn, London.
Tenth Commonwealth Entomological Conference, convened by Commonwealth Agricultural Bureaux, opens Commonwealth Institute of Entomology, London.

PARLIAMENTARY BUSINESS
House of Commons: Debate on the problems of the fishing industry, followed by Opposed Private Business.
House of Lords: Motion to designate members of the European Parliament; New Towns Bill, third reading; Fair Employment (Northern Ireland) Bill, third reading; Housing Finance (Special Provisions) Bill, report; British Leyland Bill, second reading; Social Security Benefits Up-rating Order 1974, Supplementary Benefit (determination of requirements) (No. 2) regulations 1975; Guard Dogs Bill, committee.

COMPANY RESULTS
Allied Retailers (full year).
Granada Group (half year).
Robinson Rentals (Holdings) (half year).
SGB Group (half year).

MUSIC
London Symphony Orchestra give a concert in aid of National Appeal Fund of United Nations Association. John Lill plays Brahms's second Piano Concerto, Royal Festival Hall, London.

O&K gets everything going

with construction equipment
bucket-wheel excavators
cranes and forklifts
passenger conveying systems
buses and rail vehicles
ships and dredgers

Highlights of the Report of the Directors of O & K Orenstein & Koppel AG, submitted to shareholders on 30th June 1975 with the Annual Report and Accounts:

Review of 1974

1974 was characterised by economic recession in Germany as well as throughout the world. To maintain an acceptable utilisation of capacity, the fall in home market orders had to be balanced by increased exports. The company's turnover was 4% up on 1973 at DM 691m. Exports more than made up for the fall in home sales, accounting for 48% of turnover compared with 42% the previous year. The company's products were sold in 90 countries. New orders rose by 39% to DM 912m., against DM 657 m. in 1973.

Construction equipment which accounted for 48% of turnover compared with 55% the previous year was hit by the fall in demand from the building sector which is in a critical condition. Nevertheless the company maintained its market share, despite the general fall in demand.

New orders for locomotives and rolling stock showed an increase, although sales of locomotives were slightly down and sales of wagons were halved. The order book, particularly for the wagon-building division in Berlin is however unsatisfactory both in amount and price structure.

The Lübeck shipyard, whose turnover increased by 57% to DM 135m., received more new orders which will guarantee employment into 1977. Considerable efforts have been made and expenditure undertaken to ensure further technical improvements.

The activities classified as general engineering, include open cast mining equipment (bucket wheel excavators) for which both turnover and orders received increased—a result of the search for new energy sources. Fork-lift trucks and

escalators were affected by the recession although the company held its market share.

Finances, profits and dividend

During the year, the company's capital expenditure amounted to DM 48.8m., 52.1% of which was financed from depreciation charges and disposal of fixed assets. The paid-up capital amounts to DM 60m., and with a further allocation of DM 800,000 from the year's net profits, total reserves now stand at DM 56.4m. Total assets at 31st December 1974 were DM 671.1m compared with DM 659.6m. at the close of 1973.

Despite a 4% increase in turnover, the trading surplus for the year dropped to DM 6.6m. from DM 10.1m. the previous year due to a sharp increase in wage and salary costs, the increased prices of raw materials and under-employment of part of the company's capacity. A dividend of 10% is being paid on the nominal share capital.

Staff

The total payroll of the company at 8,600 represents a slight reduction from the previous year's figure (8,700). This is partly due to the lower level of activity in some divisions. The proportion of foreign workers remained at about the same level at 12.9%. The total of wages and salaries increased by about 11.5%. Overall, improvements in staff conditions represented an increased charge of about 15%.

Prospects

Although sales of large plant have improved (open cast mining equipment, ships, floating dredgers and floating cranes) the situation in the volume production lines (construction equipment and fork-lift trucks) remains unsatisfactory. So far the reflationary measures of the Federal Government have not had any perceptible effect. The pressure on costs, particularly wages and salaries, is continuing.

	1974	1973	1972	1971	1970
Turnover	DMm. 691.6	664.0	622.9	561.9	503.2
Exports	DMm. 33.5	28.2	24.1	24.1	22.2
Total output	DMm. 696.3	708.3	682.1	644.4	559.8
Wages and salaries	DMm. 251.9	238.9	203.0	186.5	166.4
Employees	DMm. 8,600	8,700	8,550	8,363	8,229
Investment	DMm. 48.8	52.1	54.0	48.2	42.2
Depreciation	DMm. 24.4	23.6	24.2	23.3	20.8
Disposal as % of investment	DMm. 50.1	60.9	72.8	47.3	48.6
Share capital	DMm. 60.0	60.0	60.0	60.0	60.0
Reserves	DMm. 800.0	800.0	800.0	800.0	800.0
Trading surplus	DMm. 6.6	10.1	14.9	1.1	2.4
Total dividend payments	DMm. 6.6	7.7	7.0	3.7	4.4
Dividend	DMm. 10	11	14	14	14

* As-claimed V.A.T.

Aktiengesellschaft
Head Office:
D-46 Dortmund 1

O&K Orenstein & Koppel Ltd.
Head Office:
Waford/Northampton

WGI LIMITED

Profits doubled-Maximum dividend

1974 1975
GROUP PROFIT BEFORE TAX £471,757 £964,439

In his Statement for the year ended 31st March, 1975, the Chairman, Mr. F. P. S. Stammers, reports:

- Profits before tax are more than double those for the previous year and a record for the Group. Second half results nearly equalled those of the first six months.
- These results have benefited from the sale of West's (Manchester) Limited, a loss-maker in previous years. Three companies achieved record performance, whilst the others, including West's Piling, maintained a profit level comparable with their best years. An increasing proportion of Group profit came from overseas activities.
- The steady reorganisation which we have been pursuing over recent years, plus the ability and competence of local managements, have contributed to the 1975 results.
- We are currently obtaining a higher proportion of available orders than in our normal share, and I am confident that the Group will continue to perform more than adequately within the prevailing conditions.
- The maximum permitted final dividend is 2.021 p making a total for the year of 2.856 p (2.637 p - 1974).

CHANGE OF NAME

As from 1st July 1975 the name of our firm will be changed from Ian Potter & Co. to

POTTER PARTNERS

(Incorporating Ian Potter & Co.)

Members of The Stock Exchange of Melbourne Limited

Our address and telephone number remain unchanged

ROMAN HOUSE, WOOD STREET, LONDON, EC2Y 5JP

Telephone: 01-638-0321 • Telex: 884340, 883891

Telegrams: "SEALONDON"

Wm. Press confident of progress

THE ORDER book of The William Press Group of Companies is at a record level and the chairman, Mr. W. A. Hawken, says he "shall be disappointed if we are unable to maintain a progressive trend". He stresses, however, that the ever present lack of stability in policy by Government makes forward planning of company affairs doubly difficult and the attention of senior management is still too much deflected by new and changing legislation across a wide front.

Increased costs both direct and indirect associated with unprecedented inflation also demand sustained vigilance.

But, over the past two years the company has and will in future continue to pursue a policy to review every activity undertaken.

Factors within the directors' control which could adversely affect results are largely being eliminated and "more forward better able to face up to the demands imposed upon us," he declares.

As reported on May 30, group pre-tax profit expanded from £1.06m. to £1.15m. in 1974 and the dividend is 1.1p (1.01p) net per share.

Meeting, Inn on the Park, W., July 31, at 11.30 a.m.

N. Brown Investments outlook

DEVELOPMENT of the export business of N. Brown Investments and the costs being incurred on the current year's profit, says the chairman, Mr. D. Alliance.

But the greatest impact will come from national economic, rather than from internal, influences, he adds.

Mr. Alliance makes it clear that it is just not possible to assess the effect of those influences on the current year's results, though he hopes they will "not be such as to mean a fall in profits".

He points out that the mail order catalogue have to be printed some months ahead of distribution and that great problems in the pricing of goods are created by inflation.

At least one third of the more "regular" lines in the Autumn-Winter catalogue will be at the same or, in some cases, lower prices than they were in the last Autumn catalogue.

"Although one cannot be sure that we will never have to increase a catalogue price once quoted and printed, we are determined to give our customers the best possible value for money," he declares.

As reported on June 20 group pre-tax profit for the year to March 1, 1975, was £1.3m. (£1.24m.) and the dividend is 2.50p (2.08p) net.

There was a decrease in borrowing of £0.33m. (increase £3.75m.). Meeting Manchester, July 23 at 12.30 p.m.

Union Discount Company of London is opening a Representative Office in Edinburgh, on August 5.

The company's representative, Mr. Michael Healy and Mr. Graeme Industrial Holdings the chairman, Gilchrist. The company has for some time been developing its business in Scotland and is now looking for a representative there.

For a number of years, Edinburgh has seen a growth of financial institutions and the Scottish economy is poised for expansion. The discount market is not as represented in this expansion and the company believes the market and that, in collaboration with the banks, there will be a growing demand for short term finance such as is provided by discount houses.

Union's subsidiary, Udisco Brokers, will also be involved in this venture at a later date.

Transparent Paper, which makes and converts transparent cellulose and plastic film, is strongly placed to take advantage of any improvement in the economic climate, according to Mr. J. E. Smith, chairman, in his annual statement.

The prosperity of the company depends, to a large extent, on containing manufacturing costs; exports are on a rising trend and will be further increased during the current year, he adds.

The swift change to a buyers' market in the last quarter of 1974-75, with manufacturing cost still increasing, is likely to continue for some time, he adds.

The re-equipment and modernisation programme is reflected in the capital expenditure of £1.48m. during the year. Outstanding commitments for 1975-76 are shown at £0.81m.

The modernisation of the converting division is largely complete and the plant is now fully equipped for the converting of a wide range of extensible films in addition to transparent cellulose, plastic and other synthetic films.

In the film manufacturing division a new casting machine and a new coating tower will come on stream during the year.

As known, pre-tax profit increased from £1.01m. to £1.2m. for the year to March 31, 1975. Dividends are up from 3.38p to 3.85p net.

Meeting, Appleby Castle, July 25 at 11.30 a.m.

While remaining optimistic about the future of Ferguson Industrial Holdings the chairman, Mr. D. Vernon, sees little prospect in the short term, of "any real business improvement in profitability".

The current year has started with no great flourish and the first two months' sales are £3.11m.

The company is still heavily dependent upon the level of activity in the U.K. construction industry. Every effort is being made to lessen this dependence, not by parting with any builders' merchants or allied companies, but by bringing into the group other manufacturing or manufacturing concerns that will enable the cash flow and profit to be kept on a steady and upwards trend.

Mr. Vernon, therefore, expects considerable changes in the group during the next three years.

As reported on June 7 with details of the offer for Wright-Servier (conglomerate group) pre-tax profit decreased from £1.06m. to £0.8m. in the year to February 28, 1975, on sales up from £15.5m. to £16.15m. Mr. Vernon points out that the sales figure disguises a drop in volume of approximately 22 per cent. Adjusting for inflation the pre-tax profit would be £0.62m.

The company finished the year, having borrowed £0.4m. on a ten-year loan with only £68,645 overdraft. This means that the new year started with over £1m. unused bank facilities—a strong position to continue with the capital expenditure programme and merger and investment policy when suitable opportunities occur.

The chairman expects the debt ratio to rise to the target debt ratio of 50 per cent. In other words, total borrowing could be £2.25m. instead of the year end level of £1.05m.

Before allowing it to rise to that extent, the directors would have to be satisfied about future cash flow and ability to service such increased borrowing. They are satisfied in respect of the investment in Wright-Servier.

They have decided to proceed with plans for new warehouses on Humberstone and in Ireland, at a total cost of approximately £0.5m. less than £0.3m. expected from the sale of two existing properties in Humberstone and one in Nottingham. Building has already begun on the Humberstone warehouse and the new Belfast warehouse is at the drawing board stage.

Despite the fact that this has been a depressed year for capital markets both domestically and internationally, until the last quarter saw some revival, our Investment Banking Division has been busy throughout. We have been particularly active in the merger and acquisition field both in the U.K. and with overseas companies.

Investment Portfolio
We are showing separately for the first time the results of the investment portfolio which comprise realised, but not unrealised, profits and both realised and unrealised losses. The total value of the bank's portfolio is significantly above cost and book value. This year the portfolio has had an adverse effect on Group profits; there has however been a substantial improvement since the year end.

Insurance and Shipping
Our insurance and shipping interests have had a good year with profits before taxation of £6,292,000 as compared with £5,522,000. The year under review has not been particularly favourable for the development of insurance company activities. Nevertheless, our own companies have completed the year in good shape. Our insurance broking subsidiaries have increased their turnover during the year by 16%. However, their profits are very slightly down from those of last year. The pre-tax profits of our shipbroking activities exceeded £1 million for the first time. During the year Lowndes-Ajax Computer Service Limited increased its turnover by 49% and produced substantially improved profits which exceeded £250,000 for the first time.

Investment Management
Hill Samuel Investment Management succeeded in making a modest contribution to Group profits and expanded its activities particularly in the Pension Fund field. We have consolidated the unit trusts under HSIM management. The reorganised operation has performed well.

The Future
The current year is obviously one of considerable concern. Most industrialised countries have to a greater or lesser extent taken firm steps to deal with inflation. Regrettably this country has been less resolute and therefore less successful in tackling this problem. Now that the Referendum is over and we have wisely and so decisively opted to remain in Europe there can be no excuse for further procrastination.

The Government must either act now or put our currency and our ability to compete in export markets in grave jeopardy. The decline in the United States economy appears to be about to level off and I would hazard a guess that it will begin to turn up towards the end of this year and improve noticeably early in 1976.

Hill Samuel Group has come through 1974/5 in good shape and all sections of the Group's business are poised to take advantage of the upturn in world trade when it comes. The return of U.S. \$16,285,000 of the Herstatt money removes an impediment to further expansion when the time is right.

Ferguson Ind. looks to long-term

Meeting, Appleby Castle, July 25 at 11.30 a.m.

Grampian TV sales improving

SALES of Grampian Television are now showing some buoyancy again and "it is very much hoped that this trend will continue so that dividends can be restored in the current year," states chairman Mr. I. M. Tennant.

In keeping with the national trend in the television industry, group advertising revenue fell by 8 per cent in the year ended February 28, 1975, while costs increased by 12 1/2 per cent.

Cash flow has been reduced with a resultant fall in investment income of £24,000. This coupled with a drop in the company's share of TV Times profits of £15,000 gives a total decline in performance from television of £39,000, leaving the group with a loss of £29,000. As reported May 31, there is no dividend (1.875p net).

In the current year colour television coverage will be extended to the Hebrides and Western Highlands when the transmitter on Lewis comes into operation. This, says the chairman, will "present us with new challenges for, apart from extending the area of news coverage, GTV intends to produce some programmes in the Gaelic language."

Meeting Aberdeen, July 17, at 12.15 p.m.

operation. This, says the chairman, will "present us with new challenges for, apart from extending the area of news coverage, GTV intends to produce some programmes in the Gaelic language."

Meeting Aberdeen, July 17, at 12.15 p.m.

Chamberlin & Hill poised for growth

Trading prospects for grey iron founders, Chamberlin & Hill, are not very encouraging for the forthcoming months, says the chairman, Mr. T. Martin.

Despite a substantial reduction of orders on hand however, the directors are confident that a sensible programme for the further expansion of activities should continue, in readiness for the upturn in trade which must take place when business confidence is restored.

Regarding the acquisition of Conduit Fittings the directors are confident that in addition to providing a wider outlet for the foundry products, it will make a significant contribution to profits in the years ahead.

As reported on May 21 group pre-tax profit increased from £24,652 to £48,333 in the year ended to March 31, 1975, and the dividend is 2.042 (1.875p) net.

Meeting Walsall July 25, noon.

Blundell-Permoglaze Interim Statement (Unaudited)

Extract from the report issued by N. G. Bassett Smith, Chairman

	Half year	Full year
Sales (excluding Blundell & Esmite Paints Ltd.)	304,475	304,474
	£	£
	4,811,048	3,575,633
	£	£
Net profit before tax	272,013	473,455
Net profit attributable to Group	125,539	214,759
	£	£
	406,294	

- Unchanged interim dividend of 0.67p per share.
- Industrial Division increased business in higher margin lines, with consequent improvement in profit margin.
- Decorative Division's volume sales retained.
- Export sales grew especially in Middle East.
- With improved profits anticipated in second half of year, Group will perform well in all the circumstances.
- Arrangements well advanced for £1 million loan from FCI to finance Hull factory expansion.

Blundell-Permoglaze Holdings Ltd., York House, 37 Queen Square, London WC1N 3BL

Charles Hill of Bristol Encouraging factors

In his annual statement to shareholders, Mr. Richard Hill, Chairman of Charles Hill of Bristol Limited, says:

"The loss for the Group in 1974 of £121,801 after taxation appears to be similar to the previous year; but this disguises the encouraging factors which lie behind this figure. The Group loss on trading was £87,167 in 1974 against £408,190 in 1973; £50,000 of this £87,167 was a contingent provision for the fall in value of the development land held in stock. The losses in North Brodie were very substantially reduced and satisfactory profits were earned by other companies in the Group. Considerable progress has been made therefore and this seems to be continuing into 1975 in spite of the worsening economic situation of the country and in particular the difficulties facing the construction industry at the present time."

The decision of the Bristol City Council in 1969 to close the City Docks will bring shipbuilding at the Albion Dockyard to an end as soon as the last of the two ships now building has been completed.

The employees are entitled to compensation on some recognizable commercial basis. Likewise the Charles Hill of Bristol Group must be entitled to a figure of compensation for extinguishment on some recognized commercial basis; the sum of money involved should, when invested, bring in an income similar to that which they could reasonably have expected from the continuation of the shipbuilding and shiprepairing activities in the Bristol City Docks."

SHIPSHAPE AND BRISTOL FASHION

CHARLES HILL OF BRISTOL LIMITED
Albion Dockyard, Bristol BS1 6UY

Hill Samuel Group

Results for the year to 31st March 1975

1 Sources of profit—after tax	1975	1974
	£000	£000
Banking (excluding investment results)	3,729	3,627
Investment results	(626)	473
Insurance and Shipping	3,102	2,857
Investment Management	79	213
	6,284	7,170
Less loan interest	988	937
Profit before exchange surplus	5,296	6,233
Exchange surplus*	449	904
Group profit after tax	5,745	7,137

*Arising from movements in floating exchange rates in respect of currency loan capital and net assets of overseas subsidiaries.

2 Insurance and shipping have again achieved record results with a near 10% gain on last year and now account for nearly 50% of Group after tax profits before interest and exchange surplus.

3 Despite difficult world economic conditions, the banking group (excluding investment results) showed a small increase on last year's record profits.

4 Investment portfolio results, shown separately for the first time, suffered from the stock market decline and showed a loss of £626,000 against a profit of £473,000 last year.

5 Earnings per share (before exchange surplus) 9.05p (1974—11.12p).

6 Dividend 3.556p per share net, the maximum permitted under present legislation (1974—3.744p).

A Premium on Prudence

From the Statement by the Chairman, Sir Kenneth Keith

I concluded my statement last year by saying that there were so many uncertainties at home and abroad that it was more difficult than ever before to forecast the outcome for the year which has now just ended. In the event this turned out to be only too accurate. At home the repercussions of the collapse of property values and the problems of some fringe and other banks are still being felt in the banking system. Throughout this period much of industry and commerce has been under considerable financial restraint. The overseas countries in which we have banking subsidiaries also had their fair share of problems. In these conditions there is a premium on prudence. We therefore adopted a cautious policy.

The Group has once again benefited substantially from the development into insurance, shipbroking and other interests. Hill Samuel Insurance & Shipping Holdings Limited has produced an increase in pre-tax profits of 14% and now contributes nearly half of Group profits as a whole.

Herstatt
Since 31st March, 1975, there has been a recovery of U.S. \$16,285,000, representing 83% of the net loss of U.S. \$19.5 million. This is instead of the 55% which Herstatt's foreign bank creditors were to have received under the Scheme of Arrangement dated 17th December, 1974.

The recovery arises from a settlement made between the creditors of Herstatt who had lodged claims in the United States of America and the German liquidator of Herstatt, and satisfies all claims against the liquidator and in the U.S.A.

This recovery has been reflected in the 1974/5 accounts and the Group's loss (ignoring loss of interest and legal costs) has been reduced to approximately £0.6 million after taxation relief. This sum, and £0.3 million after tax in respect of the cost of financing the U.S. \$16,285,000 which has now been recovered, have been charged against inner reserves and remain part of the claim against the Deutsche Bundesbank.

Banking
We decided as a matter of policy to make this a year of consolidation rather than expansion on the banking

Financial Summary

Year to 31st March	1968	1969	1970	1971	1972	1973	1974	1975
Total assets (£m)	275	437	572	696	768	999	1,278	1,168
Group disclosed profit after taxation (£000)*	1,579	2,697	3,073	2,794	4,352	7,034	7,137	5,745
Disclosed earnings per share†	4.70p	6.34p	6.60p	6.00p	9.33p	11.74p	11.12p	9.05p
Dividends—gross pence per share	3.00p	3.11p	3.75p	3.75p	4.37p	4.59p	4.82p	5.42p
—net pence per share						3.21p	3.27p	3.56p

*including extraordinary items.

†on profit above excluding exchange surplus.

Copies of the Report and Accounts containing the Chairman's Statement in full can be obtained from the Secretary

Hill Samuel Group Limited
100 Wood Street,
London EC2P 2AJ



A copy of this document, having attached thereto the documents specified below, has been delivered to the Registrar of Companies for registration.

This document contains particulars given in compliance with the regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to Walter Lawrence Limited ("the Company").

The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Application has been made to the Council of The Stock Exchange for the whole of the share capital of the Company issued and to be issued to be admitted to the Official List.

WALTER LAWRENCE LIMITED

Incorporated under the Companies Acts 1908 to 1917. Registered in England No. 153182.

PRESIDENT:

Mrs. RHODA EVELYN LAWRENCE,
Evelyns, Little Easton, Dunmow, Essex, CM6 2JR.

DIRECTORS:

BRIAN JUSTIN PRICHARD, LL.B., *Chairman*,
Little Hill, West Road, St. George's Hill, Weybridge, Surrey, KT13 0LZ.

JOHN ALBERT BRYAN REDGRAVE, J.P., *Group Managing Director and Deputy Chairman*, 103 The Ridgeway, Cuffley, Hertfordshire, EN6 4BG.

GEOFFREY BRAY, F.C.A., *Group Financial Director*,
Weavers, Debdon, Saffron Walden, Essex, CB11 3LB.

FRANK WARNEFORD HAROLD, F.I.O.B.,
36 Russell Green Close, Purley, Surrey, CR2 2NR.

KENNETH FREDERICK WALL,
Kendon House, 36 Tuns Road, Necton, Swaffham, Norfolk, PE37 8HR.

SECRETARY AND REGISTERED OFFICE:

GEOFFREY BRAY, F.C.A.,
Lawrence House, Sun Street, Sawbridgeworth, Hertfordshire, CM21 9LX.

SHARE CAPITAL

Authorised £1,400,000 in 5,600,000 Ordinary shares of 25p each Issued and to be issued fully paid £1,000,000

On 13th June, 1975 the Company and its subsidiaries ("the Group") had outstanding secured bank overdrafts of £306,674, a secured bank overdraft of Maltese pounds 88,031 (£104,924), a secured term loan of £1,000,000, development loans secured against specific properties of £609,979, unsecured loans totalling £28,000 and hire purchase commitments of £287,267. The Company has contingent liabilities totalling £920,011 in respect of performance bonds and guarantees relating to building contracts of subsidiaries. Save as aforesaid and apart from inter-company indebtedness neither the Company nor any of its subsidiaries has outstanding any borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or, except in the ordinary course of business and except for guarantees of bank indebtedness included above, any guarantees or other material contingent liabilities.

This document is issued in connection with a placing by

Sheppards and Chase

incorporating Rowe Swann and Roger Mortimer

OF 800,000 ORDINARY SHARES OF 25p EACH AT 55p PER SHARE

The Ordinary shares of the Company issued and to be issued rank *pari passu* in all respects including the right to receive all dividends hereafter declared.

BANKERS:

BARCLAYS BANK LIMITED, 54 Lombard Street, London, EC3P 3AH.

SOLICITORS TO THE COMPANY:

ROOKS & CO.,
9 New Square, Lincoln's Inn, London, WC2A 3QJ.

SOLICITORS TO THE PLACING:

LINKLATERS & PAINES,
Barrington House, 59/67 Gresham Street, London, EC2V 7JA.

AUDITORS AND REPORTING ACCOUNTANTS:

PEAT, MARWICK, MITCHELL & CO., *Chartered Accountants*,
11 Ironmonger Lane, London, EC2P 2AR.

BROKERS:

SHEPPARDS AND CHASE
incorporating Rowe Swann and Roger Mortimer,
Clements House, Gresham Street, London, EC2V 7AU and The Stock Exchange.

VALUERS:

WALKER SON & PACKMAN, *Chartered Surveyors*,
23 Lawrence Lane, London, EC2V 8DD.

REGISTRARS AND TRANSFER OFFICE:

BARCLAYS BANK (LONDON AND INTERNATIONAL) LIMITED,
Radbroke Hall, Knutsford, Cheshire, WA1 9EU.

PARTICULARS OF THE GROUP

HISTORY

The Company was incorporated in England on 15th February, 1919 under the name of Walter Lawrence & Son Limited to acquire the building and contracting business founded in 1871 by Walter Lawrence, a London master builder. The Company adopted its present name on 16th June, 1975.

Under the direction of Sir Walter Lawrence, the son of the founder, the business of the Company was expanded to include the construction of schools, hospitals, civic and other institutional buildings. The Company established a reputation for high quality building and in the inter war years was responsible for the construction of a number of large and prestigious buildings in London, including the Royal Masonic Peace Memorial in Great Queen Street, the headquarters of the Abbey National Building Society in Baker Street and the Royal London Mutual Building in Finsbury Square.

During the Second World War the Company's branch at Swaffham, Norfolk, established in 1938, built and maintained air-bases and military establishments and the joinery works, which had been established at Sawbridgeworth, Hertfordshire in 1907, manufactured Bailey bridges and fusilages for Mosquito aircraft. Immediately following the War the Company concentrated on housing for the public sector before reverting to its traditionally wider spread of activities in the construction field. Its contracts included the rebuilding of the Inner Temple Dining Hall and Library and the construction of power stations at Rye House and Tilbury and the Empire State Building at Earls Court.

In 1964 the Group structure was reorganised and the Company became a holding company. The main building and contracting operations and the joinery business were transferred to subsidiary companies, Walter Lawrence & Son Limited ("Lawrence") and Walter Lawrence Joinery Limited ("Joinery"). In 1965 the Company acquired 75 per cent. of the share capital of Frederick Coyle & Company Limited ("Coyle"), an old established building business whose headquarters are now at Weybridge, Surrey. In 1966 the branch at Swaffham was incorporated as a separate subsidiary under the name Walter Lawrence (East Anglia) Limited ("East Anglia").

In 1971 the Company formed the first of eight companies ("the Aztec Companies") with two property developers, in some cases as subsidiaries and in others as associated companies ("the Associated Companies"). The Aztec Companies have carried out a number of commercial and other property developments in the London area.

In 1972 Lawrence's contracting plant was used as the nucleus for establishing a plant hire business under the name Walaw Plant Hire Limited ("Walaw") with depots at Sawbridgeworth and later at Islington, and the light engineering business, which had formed part of Joinery, was established as a separate subsidiary under the name Walter Lawrence Engineering Limited ("Engineering"). At the end of that year the Group's head office and Lawrence moved from London to a new building erected by Lawrence on the Company's own land at Sawbridgeworth. In 1973 Lawrence formed a City Building Division at Islington to specialise in refurbishing commercial and residential property.

BUSINESS

The activities of the Group now cover building and contracting, the manufacture of joinery and timber products, engineering, plant hire and property investment and development. An analysis of the turnover and of the net rental income of the Group for each of the five years ended 30th June, 1974, the six months ended 31st December, 1974 and the Directors' estimate for the year ending 30th June, 1975 is shown below. Inter-group turnover is excluded, other than development and contracting work which is carried out on an arm's length basis and is included under Building and Contracting below.

	Year ended 30th June					Six months ended 31st December	Year ending 30th June
	1970	1971	1972	1973	1974	1974	1975
	£000	£000	£000	£000	£000	£000	£000
Building and Contracting	8,317	7,482	8,739	11,282	10,267	8,408	17,800
Joinery and Timber Products	797	942	1,144	1,411	1,958	639	1,580
Engineering	218	201	205	187	295	244	500
Plant Hire	—	—	—	69	224	138	300
	7,330	8,625	10,088	12,899	12,442	8,425	20,100*
Net Rental Income	—	—	11	11	38	48	120*
*Directors' estimate.							

Building and Contracting

Lawrence is the Group's largest operating company. Its activities include the construction of a wide range in type and value of high quality commercial, industrial and civic buildings in the public and private sectors. Its contracts are obtained by competitive tender and by negotiation and there are at present no major fixed price contracts. Approximately 75 per cent. by value of its present contracts are for clients and surveys and architects with whom it has previously worked. Over 60 per cent. of its current activity is derived from contracts with a value in excess of £1m. Lawrence also carries out work for the Group companies, principally as the contractor responsible for the developments undertaken by the Aztec Companies, although this work has never accounted for more than 10 per cent. of Group building and contracting turnover in any year. During each of the three years ended 30th June, 1972 Lawrence's turnover accounted for approximately half the building and contracting turnover of the Group. There has since been a considerable expansion in activity and in the year ending 30th June, 1975 it will account for approximately 60 per cent. of the Directors' estimate of such turnover.

East Anglia undertakes construction contracts principally in the public sector which are generally of a more straightforward nature and on a smaller scale than those undertaken by Lawrence. In addition it undertakes term maintenance contracts for a number of defence and other government establishments in East Anglia. These contracts, which are normally for a period of two years, are obtained by competitive tender and East Anglia has almost thirty years' experience of this type of work. East Anglia also undertakes a substantial number of housing projects for local authorities as well as a certain amount of residential development on its own account. In the year ending 30th June, 1975 East Anglia will account for some 20 per cent. of the Directors' estimate of the Group's building and contracting turnover.

Coyle operates as a building and small works contractor in the public and private sectors. Some three years ago it began to undertake residential developments on its own account in Surrey, Middlesex and Hampshire and this activity now accounts for approximately 25 per cent. of its business.

None of the building and contracting subsidiaries holds a large land bank and their policy is to restrict the number of houses built in advance of sale. Details of the current residential developments and of the sites held for residential development in the future are set out in Parts D and E of the Valuers' Report below.

Joinery and Timber Products

In 1972, Joinery, which had previously specialised in high quality joinery work, began to manufacture doors on a flow line production basis and now produces a full range of standard doors as well as purpose made and fireproof doors. It also manufactures quality timber products for the consumer and DIY markets. Raw materials are currently being obtained from a number of sources, none of whom supplies more than 15 per cent. of requirements. In the past Joinery supplied other Group companies, but this activity is now less important and no customer, including the Group, currently accounts for more than 15 per cent. of Joinery's turnover.

Engineering

The business transferred to Engineering in 1972 was principally the design and development of specialised light mechanical plant, machinery and small machine tools. In that year Engineering embarked on the development and manufacture of container handling equipment but this venture resulted in losses and was sold in 1974. Engineering is now concentrating on its original business, its management structure has been improved and its operations are now profitable.

Plant Hire

Walaw specialises in hiring mechanical and non-mechanical builders' plant. Its main function is to provide a service to the Group with approximately two-thirds of its turnover being derived from this source, but hiring to outside customers is increasing.

Property Investment and Development

The Company's own property investments are situated in London in Sun Street, Finsbury Square and Dereham Place, Shoreditch. The Group's other property investments result from developments carried out by the Aztec Companies. Full details of these investment properties are set out in Parts B and C of the Valuers' Report below. The Sun Street property, formerly the Group's head office, was redeveloped by Lawrence and was let in September, 1974. Consequently, the first financial year to have the benefit of a full year's rental will be the year ending 30th June, 1976, when the first income should also be received from the development at 51-53 Grays Inn Road and the development nearing completion in Camden Passage, Islington.

No planning permission has yet been obtained for the redevelopment of the properties shown in Part C of the Valuers' Report below. In view of the present economic uncertainties, the Directors have postponed their plans for the redevelopment of these sites.

One of the Aztec Companies, Third Aztec Land Limited, is currently developing a high quality residential estate in Highgate, London which is expected to be completed by June, 1977. Further details of this development are included in Part F of the Valuers' Report below. The Valuers estimate that, in the light of present market conditions and on the basis of present values, the sale value of the estate, when completed, will amount to £3,267,000. As this is approximately £220,000 less than the Company's present estimate of the likely cost of completion, full provision for this possible deficiency has been made in the audited accounts for the six months ended 31st December, 1974.

Trition Land Limited was formed in 1970 to undertake a development in Malta. Changed political circumstances affected the viability of the project and full provision has been made to reduce the book cost to its estimated net realisable value of approximately £16,000.

PREMISES

The Group's main premises, including the new head office, are located on a 9.5 acre freehold site at Sawbridgeworth. The offices, which are used by the clerical and administrative staffs of the Company and Lawrence, comprise some 10,500 square feet of space including a third floor currently being added to the existing building. The site includes warehousing, Walaw's plant hire depot, a large car park, a sports field and an outdoor swimming pool for the use of employees.

The Joinery works are situated close to the head office site and comprise a factory with modern woodworking equipment and drying kilns and offices, totalling approximately 123,650 square feet. There is also an open timber yard of approximately one acre. With the purchase in 1974 of part of the former Maltings, providing substantially improved access to Joinery's works, and the recent grant of planning permission for further warehousing, the Group has sufficient space for expansion on its land at Sawbridgeworth.

The Company recently acquired the freehold of premises, previously leased by Lawrence, in Matilda Street, Islington, which are used by the City Building Division of Lawrence and by Walaw.

East Anglia occupies freehold premises in Lynn Road, Swaffham which comprise some 4,500 square feet of modern offices, 17,750 square feet of single storey workshops and stores and approximately 2.8 acres of undeveloped land which is available for eventual expansion.

Coyle's head office is situated in freehold premises in Church Street, Weybridge, approximately half of which is let on short leases. Coyle also has temporary offices on a site in High Street, Brentford with planning permission for eventual redevelopment and has a small plant yard in Church Street, Staines.

Engineering occupies short leasehold premises on an industrial estate at Baintree, Essex consisting of 15,000 square feet of workshops and warehouse space.

Further details of the properties occupied by the Group are set out in Part A of the Valuers' Report below.

MANAGEMENT AND STAFF

Mrs. R. E. Lawrence, the widow of the late Mr. Guy G. Lawrence, a former Chairman of the Company and grandson of the founder, retired from the Board on 5th June, 1975 having first joined the Board in 1964. In recognition of her services to the Company she has been elected President.

Mr. Prichard is 49 years old and has been a Director of the Company for eleven years. For over ten of which he has been Chairman. He is a partner in Rooks & Co., the Company's solicitors, and Chairman of London and European Group Limited, a property and merchant banking group in London.

Mr. Redgrave is 43 years old and joined the Company in the new post of Group Managing Director in February, 1974. He was appointed Deputy Chairman on 5th June, 1975. He has spent most of his working life with companies connected with the building industry in which he has held a number of senior executive directorships in the past fifteen years.

Mr. Bray is 37 years old and is the Group Financial Director. After qualifying as a Chartered Accountant in 1961 he held several appointments in industry before joining the Company three years ago.

Mr. Harold is 59 years old and has spent substantially the whole of his working life in the service of the Group, which he joined thirty-six years ago. For many years he was a contracts manager and was appointed Managing Director of Lawrence in 1974 following five years as a Director.

Mr. Wall is 47 years old and has been with the Group for the past thirty years. He is Managing Director of East Anglia, a post he has held since 1970, following some four years as a Director with special responsibility for estimating.

Apart from the Chairman all the Directors have service agreements, details of which are set out under Statutory and General Information below.

The Board is supported by an experienced and able executive team, many of whom have spent ten or more years with Group companies. There are approximately 1,200 full time employees of the Group, of whom about 900 are hourly paid and 300 are salaried and over the years labour relations have always been good. It is the Group's policy to employ, *bona fide* labour-only sub-contractors to the extent necessary to supplement the labour force of the building and contracting companies. However, the Board recognises and supports the trend in the construction industry towards fuller employment of direct labour and to this end a Group Personnel and Training Manager has recently been appointed. There are contributory pension schemes funded through leading institutions for all members of the staff and for other employees of Joinery and Engineering.

WORKING CAPITAL

The Directors are of the opinion that, having regard to the bank facilities now available, the Group has sufficient working capital for its current requirements.

VALUERS' REPORT

All the properties owned by the Group (excluding Trition Land Limited) and by the Associated Companies were valued as at 30th April, 1975 by Walker Son & Packman, Chartered Surveyors, and details of that valuation are set out in their Report below. Full provision has been made, where necessary, in respect of any losses arising from the valuation and the appropriate adjustments have been incorporated in the audited accounts as at 31st December, 1974. In particular, full provision has been made in respect of the possible deficiency of approximately £220,000 in respect of the residential development in Highgate, referred to in Property Investment and Development above.

PROFIT RECORD

Details of the profit and loss accounts and balance sheets of the Group for the five years ended 30th June, 1974 and the six months ended 31st December, 1974, set out in the Accountants' Report, demonstrate the progress made by the Group during this period.

The trend of Group profits reflects not only the general level of activity in the building industry but also the effect of the Group's profit taking rules which preclude the taking of any profit on contracts exceeding £50,000 in value until such contracts are 50 per cent. completed and thereafter permit only two-thirds of the profit earned on work certified to date to be taken, with the balance on practical completion. The application of these rules largely accounts for the reduction in Group profit in the year ended 30th June, 1972 as it particularly affected the results of East Anglia which throughout the five years ended 30th June, 1974 contributed the major share of Group profits.

The move to Sawbridgeworth in 1972 formed an important part of the re-organisation of Lawrence's activities which had begun some three years earlier. It was accompanied by an expansion in the volume of work and size of contracts undertaken by Lawrence,

enabling it to maintain and develop its traditional markets, particularly in the City and Greater London area. The level of overheads was increased during the year ended 30th June, 1974 in order to provide for a larger scale of operations in the future and this has already had a beneficial effect on the results for the current year.

Coyle's profits reached a record level in the year ended 30th June, 1974 as a result of increased profitability on contracting work and of sales completed on residential developments carried out on its own account. The three executive directors of Coyle hold a total of 25 per cent. of Coyle's share capital and have service agreements expiring on 30th June, 1979 which entitle them to commissions on the net profits (before tax) of Coyle. Such commissions aggregated £40,769 in respect of the year ended 30th June, 1974.

Joinery began to specialise in the manufacture of doors at a time of rapid expansion in housebuilding, enabling it to increase its profits during the two years ended 30th June, 1974 despite a falling volume of sales in the latter part of that period. Sales continued to fall after that date, resulting in a substantial loss during the six months ended 31st December, 1974. Policy changes initiated during that period brought about operating economies and led to the introduction of new management and marketing methods and extensions to the product range.

The exceptional items charged in respect of the year ended 30th June, 1974 arose principally from write-downs in the value of timber stocks and of one site (item 30 in the Valuers' Report below) originally purchased by Lawrence for residential development but for which planning permission was subsequently refused. These write-downs were partly offset by the surplus on a land sale by East Anglia. Apart from the provision of £220,000 in the accounts for the six months ended 31st December, 1974 for possible losses on the sale of the residential development in Highgate, referred to in Property Investment and Development above, no exceptional items are expected to arise in respect of the year ending 30th June, 1975. The write-down in the values of properties held by the Associated Companies accounts for the abnormal charge for taxation against the profits for the six months ended 31st December, 1974 and for the extraordinary item in that period.

PROFITS AND PROSPECTS

For the year ending 30th June, 1975 the Group's profits from its building and contracting operations are benefiting from work on contracts entered into when activity in the industry was at a high level and from the application of its profit taking rules. The profits from these operations for that year may exceed those permitted under the net profit margin limitation of the counter-inflation legislation by an amount estimated to be not greater than £250,000, but possibly significantly less. The Directors are of the opinion that a sufficient reduction in net profit margins will occur in the coming year, in view of work now being undertaken on contracts taken at lower margins, to eliminate such excess. The value of contract work outstanding, which has not suffered to any material extent from cut backs in the public sector, is currently at a higher level than at any financial year end, other than 30th June, 1974 which included a £41m. contract obtained in March of that year.

The Joinery business has been adversely affected by the reduction in the demand for housing and a loss is forecast for the year ending 30th June, 1975. Following Joinery's recent re-organisation there has been a major increase in orders for doors which together with the extension of the product range is expected to bring about an early return to profit. The plant hire and engineering operations are expected to continue to make a satisfactory contribution to Group profits.

The Group's rental income has increased substantially as a result of the letting in September, 1974 of its investment property in Sun Street, Finsbury Square. The Directors estimate that net rental income will contribute £120,000 in the year ending 30th June, 1975, with further increases in the future. Full provision has already been made where considered necessary in the audited accounts at 31st December, 1974 in respect of losses arising from the valuation of the Group's properties at 30th April, 1975.

The Directors expect that, in the absence of unforeseen circumstances, Group profits, after minority interests and Associated Companies' losses but before taxation and the extraordinary item, for the year ending 30th June, 1975 will not be less than £800,000 after charging the exceptional item of £220,000 referred to above. The principal assumptions on which this forecast is based are set out below together with letters from Peat, Marwick, Mitchell & Co. and Sheppards and Chase.

Out of the profits for the year ending 30th June, 1975 the Directors have declared an interim dividend of 12.5 per cent., amounting to £70,312, payable on 1st July, 1975 to shareholders on the register on 25th June, 1975. They intend to recommend a final dividend in respect of the year ending 30th June, 1975 of 2.5p per share, amounting to £100,000, payable in December, 1975.

On the basis of annual Group profits, after minority interests and Associated Companies' losses but before taxation, of £1,020,000, it would be the intention of the Board to recommend dividends totalling 4.5p per share in respect of a full year, of which 2p would be payable as an interim dividend in June and 2.5p as a final dividend in December. Based on an associated tax credit of 35/65ths of the dividends paid, the equivalent gross dividend per share would be 6.923p. Assuming a corporation tax rate of 52 per cent., such profits would be appropriated as shown below:-

	£'000
Profits before taxation	1,020
Corporation tax at 52 per cent.	530
Profits available for Ordinary shareholders	490
Dividends of 4.5p per share on the issued Ordinary capital of £1,000,000	180
Retained profits	£310
Earnings per Ordinary share	12.25p

On this basis at the placing price of 55p per share, the price/earnings multiple would be 4.5 and the net dividend of 4.5p per share would be covered 2.72 times by profits after taxation and with the associated tax credit would result in a gross dividend yield of 12.6 per cent. Based on the audited accounts of the Group at 31st December, 1974, the net tangible assets amount to approximately 93p per Ordinary share.

In view of the nature of the building and contracting industry and having regard to current economic uncertainties, the Directors do not feel able at this stage to forecast profits for the year ending 30th June, 1976. The current high level of contract work outstanding leads the Directors to expect that the Group will not be materially affected at least during the coming year by any further reduction in the level of local and central government expenditure. Moreover, the Group is actively exploring the possibility of obtaining contracts overseas. The expected return to profit of Joinery, the increasing net rental income and the ability of the Group to undertake larger and more profitable contracts encourage the Directors to view the future with confidence.

ACCOUNTANTS' REPORT

The following is a copy of a report in respect of the Group which has been received from Peat, Marwick, Mitchell & Co., the auditors of the Company and reporting accountants:-

11, Ironmonger Lane,
London, EC2P 2AR.
26th June, 1975.

The Directors
Walter Lawrence Limited

and

Sheppards and Chase incorporating
Rowe Swann and Roger Mortimer

Gentlemen,

We have examined the audited accounts of Walter Lawrence Limited ("the Company") and of its subsidiary and associated companies for the periods relevant to this report. The Company and its subsidiaries are collectively referred to as "the Group". We have been auditors of the Company and of its subsidiary and associated companies, except Frederick Coyle & Company Limited (where we were appointed with effect from 1st July, 1974) and Trition Land Limited, in respect of all the relevant accounting periods.

WALTER LAWRENCE LIMITED

Continued

The summarised profit and loss accounts and balance sheets set out below are based on the audited accounts after making such adjustments as we consider appropriate. In our opinion these summaries, together with the notes thereon, give respectively a true and fair view of the profits of the Group attributable to the Company for the periods stated and of the state of affairs of the Company and of the Group at the dates stated.

No audited accounts of the Company or any of its subsidiary companies have been made up in respect of any period subsequent to 31st December, 1974.

Profit and Loss Accounts

		Year ended 30th June						Six months ended 31st December
	Notes	1970	1971	1972	1973	1974	1974	
		£000	£000	£000	£000	£000	£000	
Turnover	1(a), 2	7,330	8,625	10,088	12,899	16,742	9,425	
Transfer to suspense account	1(b)	—	—	(6)	(23)	(2)	(21)	
Operating costs	3	(7,227)	(8,326)	(9,309)	(12,384)	(17,727)	(8,972)	
Profit before exceptional items and share of losses of associated companies		103	299	173	492	1,013	432	
Exceptional items	4	—	—	—	—	(241)	(220)	
Share of losses of associated companies		—	—	—	—	(40)	(27)	
Profit before taxation and extraordinary items		103	299	173	492	732	185	
Taxation		(40)	(140)	(95)	(281)	(381)	(120)	
Profit after taxation and before extraordinary items		63	159	78	211	351	65	
Minority interests		(1)	(4)	(6)	(6)	(6)	(7)	
Profit before extraordinary items		62	155	72	205	345	58	
Extraordinary items after taxation and minority interests	5	2	158	(4)	123	—	(89)	
Profit/(loss) attributable to members of the Company		64	313	68	328	345	(11)	
Dividends on Ordinary shares	6	(27)	(34)	(60)	(47)	(47)	—	
Retained profits/(losses)	17	37	279	18	281	298	(11)	
The Group		37	279	18	281	338	85	
Associated companies		—	—	—	—	(40)	(96)	
Earnings per Ordinary share	7	1.56p	3.87p	1.80p	5.12p	8.62p	1.45p	

Balance Sheets

		The Group						31st December
	Notes	1969	1970	1971	1972	1973	1974	1974
		£000	£000	£000	£000	£000	£000	£000
Fixed assets	1(a), 8	241	244	283	1,837	2,278	1,504	1,381
Freehold premises		—	—	—	13	45	39	52
Leasehold premises		—	—	—	—	—	—	—
Plant, machinery, fixtures and fittings, and motor vehicles		350	344	350	552	683	742	735
Property held for investment	9	581	588	613	2,502	3,006	2,285	2,166
Subsidiary companies		—	—	—	—	433	2,108	2,422
Shares at cost		—	—	—	—	—	—	—
Amounts owing		—	—	—	—	—	—	—
Associated companies	10	—	—	—	—	653	518	—
Current assets		591	588	613	2,502	3,439	5,844	5,108
Stock and work in progress including land held for development	1(c), 11	11,476	16,728	20,731	23,330	30,132	37,577	43,248
Less Cash received on account		10,144	13,834	18,288	21,454	26,828	33,219	38,786
Debtors	12	1,332	1,894	2,445	1,876	3,504	4,358	4,482
Quoted shares at cost	13	476	480	518	580	903	822	874
Unquoted shares at cost		5	5	5	5	5	5	5
Directors' valuation		8	8	8	8	8	8	8
Bank deposits and cash in hand		148	99	277	674	126	53	—
Current liabilities		1,967	2,496	3,253	3,143	4,546	5,346	5,369
Creditors and accrued charges		878	1,155	1,389	1,583	2,363	3,221	3,085
Bank loans and overdrafts (secured)	14, 15	203	508	660	582	1,335	2,273	1,410
Taxation	1(i), 16	73	67	108	114	149	—	177
Dividends		27	27	34	50	47	47	—
Net current assets/(liabilities)		1,282	1,757	2,181	2,329	3,894	5,541	4,682
Bank term loan (secured)	15	—	—	—	—	—	—	(1,000)
Deferred taxation account	1(i), 16	(15)	(18)	(57)	(351)	(523)	(1,014)	(1,008)
Minority interests		—	(3)	(12)	(1)	(107)	(90)	(71)
Net tangible assets attributable to members of the Company		1,267	1,306	1,606	2,964	3,461	3,745	3,718
Representing:								
Ordinary share capital		450	450	563	563	563	563	563
Reserves		811	856	1,043	2,401	2,898	3,222	3,289
The Group		—	—	—	—	—	(40)	(136)
Associated companies	17	—	—	—	—	—	—	—
2,766		1,261	1,306	1,606	2,964	3,461	3,745	3,718

Notes:

Accounting Policies

1. The foregoing summaries reflect the application of the following principal accounting policies on a consistent basis throughout the period under review and compliance with statements of standard accounting practice nos. 1-6 and 8.

(a) Turnover

Turnover represents:-

(i) in the case of building and contracting work the sales value of work executed in the year less profit deferred in accordance with the policy set out in (b) below;

(ii) in other cases the invoiced value of sales and services.

Sales between companies in the Group are excluded with the exception of building contracts carried out for other group companies.

(b) Profits

Profits on contracts with sales value exceeding £50,000 are not taken until 50 per cent. of the latest estimate of total contract value has been completed, or in the case of term maintenance contracts until 50 per cent. of the term has elapsed. From that stage two-thirds of the profit to date is taken (as estimated by officials of the Group based on valuations agreed with clients' surveyors) with the balance after making provision for outstanding obligations, being taken on practical completion. Profits on contracts with a sales value under £50,000 are taken as they accrue over the life of the contract.

Housebuilding profits are taken when there has been an exchange of contracts with purchasers and houses are physically completed, provided that legal completion has taken place within two months after the year-end.

Net profits on building work carried out for other Group companies are suspended until the relevant development or investment property is sold outside the Group; on such sales the suspended profit is released to the profit and loss account.

(c) Work in Progress

Work in progress in respect of building and contracting work is stated at cost including site overhead expenses plus a proportion of profit earned to date, computed as described in (b) above. Full provision is made for anticipated losses or reductions in estimated profit to date of completion. Claims receivable arising on contracts are normally taken to credit when agreed and paid.

Houses under construction are valued at the prime cost of materials and labour (less provisions for estimated losses where appropriate) after deducting the estimated costs attributable to the units sold on that site.

Land held for and in course of development is stated at the lower of cost and net realisable value as estimated by the Directors.

Work in progress of the manufacturing companies is stated at the lower of cost of direct labour and materials and net realisable value.

(d) Interest

Interest payable in respect of properties for and under development held as current assets is included in their cost. Other interest is written off to the profit and loss account as incurred.

(e) Depreciation and amortisation

No depreciation is provided in respect of freehold land and buildings. The cost of leases having an unexpired period of less than 50 years and of improvements to leasehold premises are amortised on a straight line basis over the residual life of the lease.

The cost of plant and machinery is in general written off by equal annual instalments over its estimated economic life which for most items of contracting plant is taken to be three years.

(f) Deferred taxation

Deferred taxation is provided, using the liability method at the latest corporation tax rate, on the excess of the book value of fixed assets eligible for capital allowances over the corresponding tax written down value, and on suspended profits referred to under (b) above.

Deferred taxation is provided, at the rate of 30 per cent. applicable to chargeable gains, in respect of the liability that would arise if the properties held by the Group as fixed assets or investments were disposed of at the valuations incorporated in the accounts.

In the balance sheets at 30th June and 31st December, 1974 deferred taxation is also provided at the current rate of corporation tax in respect of tax relief for increases up to 30th June, 1974 in work in progress including land held for development and property under construction pursuant to section 18, Finance Act 1975 and to clause 49 of the Finance (No. 2) Bill 1975 as originally published. The period of deferment will depend upon future legislation.

Advance corporation tax on dividends paid or payable is included as a deduction from the deferred taxation account.

(g) Research and development

Expenditure on research and development is written off as incurred.

(h) Rates of exchange

Assets and liabilities in foreign currencies have been expressed in sterling at the rates of exchange ruling at the relevant accounting dates.

Profits

2. Turnover includes building and contracting work carried out for Group companies, amounting for years ended 30th June to 1971 - £12,000 1972 - £178,000 1973 - £634,000 1974 - £1,318,000 and for the six months ended 31st December, 1974 - £555,000 (see note 1(a)).

3. Operating costs are arrived at:-

	Year ended 30th June						Six months ended 31st December
	1970	1971	1972	1973	1974	1974	
	£000	£000	£000	£000	£000	£000	
After charging:							
Depreciation (Note 1(a))	98	97	128	259	382	229	
Bank interest (Note 1(d))	11	27	15	25	235	274	
Plant hire	21	16	19	94	173	103	
After crediting:							
Net rental income	8	8	11	11	38	48	
Interest and dividends receivable	11	11	35	48	169	94	
Bank interest charged to property developments (Note 1(g))	11	27	15	12	48	82	

4. Exceptional items arose as follows:-

	Year ended 30th June						Six months ended 31st December
	1970	1971	1972	1973	1974	1974	
	£000	£000	£000	£000	£000	£000	
Provision to reduce cost of development land to estimated realisable value	—	—	—	—	332	220	
Provision for loss on timber stocks	—	—	—	—	56	—	
Less: Surplus on sale of land	—	—	—	—	388	220	
	—	—	—	—	147	—	
	—	—	—	—	241	220	

5. Extraordinary items are as follows:-

	Year ended 30th June						Six months ended 31st December
	1970	1971	1972	1973	1974	1974	
	£000	£000	£000	£000	£000	£000	
Sale of property held for investment	—	212	—	243	—	—	
Share of provision against investment held by associated company	—	—	—	—	—	—	
Other items	2	(4)	(4)	3	—	—	
Less: Taxation	2	208	(4)	248	—	—	
Minority interest	—	50	—	90	—	—	
	2	156	(4)	123	—	—	

6. The rates of dividend paid during the period under review were as follows:-

The rates of dividend paid during the period under review were as follows:—

1970 (note (a))	Gross	6%
1971	Gross	6%
1972	Gross	6%
1973 (note (b))	Net	8.3%
1974	Net	8.3%

(a) The issued ordinary share capital on which dividends were paid was £450,000 in the year to 30th June, 1970 and £562,500 thereafter.

(b) Equivalent to 12 per cent. under the system of corporation tax effective in previous years.

7. The calculation of earnings per Ordinary share is based on the profit before extraordinary items and on 4,000,000 Ordinary shares, on the basis that the reorganisation of the share capital on 26th June, 1975 had been effective for all the relevant periods.

Balance sheets

8. The fixed assets occupied or used by the Company and the Group at 31st December, 1974 were made up as follows:-

	The Company			The Group		
	At cost or valuation	Depreciation	Book value	At cost or valuation	Depreciation	Book value
	£000	£000	£000	£000	£000	£000
1,083	—	1,083	—	1,381	—	1,381
Less: Taxation	—	—	—	52	—	52
59	34	25	—	1,447	1,112	735
1,142	34	1,108	—	3,280	1,112	2,168

Freehold and leasehold premises have been incorporated in the balance sheets at 31st December, 1974 at professional valuations as at 30th April, 1975 carried out by Walker Son & Packman, Chartered Surveyors, on the basis of open market value assuming vacant possession at that date less costs incurred since 31st December, 1974. Prior to that date the properties concerned were stated at cost or valuation.

9. Properties held for investment have been incorporated in the balance sheets at 31st December, 1974 as follows:-

	The Company		The Group	
	Freehold	Leasehold	Freehold	Leasehold
	£000	£000	£000	£000
1,324	—	—	2,146	—
—	—	—	—	278
1,324	—	—	2,146	278

Investment properties have, with one exception, been incorporated in the balance sheets at 31st December, 1974 at professional valuations carried out by Walker Son & Packman as at 30th April, 1975 on the basis of open market value at that date less costs incurred since 31st December, 1974. Prior to that date the properties concerned were stated at cost or valuation. The property stated at cost has been valued by Walker Son & Packman as at 30th April, 1975 at £400,000 on the basis of open market value on the assumption that the leasehold interest and the freehold interest are offered for sale together subject only to the occupational lease. Their opinion of the open market value as at 30th April, 1975 of the leasehold interest is £225,000; the cost at that date was £305,000. The Group is currently negotiating the sale of this property and it has not been valued as in the opinion of the Directors its eventual sale will result in a surplus over book value.

10. The interest in associated companies at 31st December, 1974 was:-

	The Company		The Group	
	£000	£000	£000	£000
1	Shares at cost	517	1	517
517	Loans and amounts due less provisions	—	853	—
—	Share of accumulated losses	—	(136)	—
517		—	518	—

11. Stock and work in progress as at 31st December, 1974 was made up as follows:-

	£000
Work in progress on uncompleted contracts	38,401
Less: Amounts received on account	38,786
	615
Property held for and in course of development	3,843
Stocks	804
	4,647

After making appropriate adjustments for additions and disposals between 31st December, 1974 and 30th April, 1975 the aggregate amount at which sites held for and in course of residential development are included in the balance sheet at 31st December, 1974 exceeds the corresponding aggregate amount at which they were valued on the basis of disposal in their existing state as at 30th April, 1975 by Walker Son & Packman by approximately £100,000. No provision has been made for this deficiency as in the opinion of the Directors the completion of the proposed developments in respect of each site will result in a surplus.

12. Debtors include unsecured loans to two Directors of the Company which at 31st December, 1974 amounted to £25,000 and were in respect of house purchase and carry interest at 5 per cent. per annum.

13. The market value of quoted investments as at 31st December, 1974 was £10,000.

14. Bank loans carry interest at rates of between 1½ per cent. and 3½ per cent. over base rate, they do not have fixed repayment dates but a loan charged on a property development amounting to £720,000 at 31st December, 1974 is repayable as to 40 per cent. of the proceeds of each property sale in that development.

15. The Company has been granted a term loan facility of £1m. for a period of five years from 13th June, 1975 with drawdown facilities for the first two years. This loan carries interest at 2½ per cent. over base rate and an additional ½ per cent. is payable in respect of the undrawn part of the facility.

16. At 31st December, 1974 the deferred taxation account comprised:-

The Company		The Group
£000		£000
—	Accrued capital allowances and other timing differences	319
70	Taxation in respect of revalued properties	180
140	Taxation in respect of losses deferred to future years	140
—	Belief increases in value of work in progress	—
—	including land held for development and property under construction	413
(24)	Advance Corporation Tax	(24)
185		1,008

THE JOBS COLUMN

Gwlad · Six accountants

BY MICHAEL DIXON

SINCE remarking a fortnight ago that I didn't like the Gower Peninsula near Swansea, I have had 17 letters and three telephone calls from Welsh persons evidently doubting my ability to form sane judgments about anything, and demanding the reasons for this extraordinary opinion.

At first I took these as evidence of grievously wounded national pride. So I decided to show my admiration for Wales in a manner to which few English... well, men could aspire—to wit, by writing out from memory:

Gwlad! Gwlad! Pleidiol wyf i'm gwlad
Tra mor yn fur i'r bur hoff bau,
O bydded i'r hen iaith barhau.

That might win sympathy for the confession that I formed my opinion of the Gower when trapped there at the end of a summer when the locals were no longer interested even in fleeing me as a tourist. The hotel room walls were very thin, which might have offered diverting eavesdropping but didn't; my neighbours were both also lonely men, and they simply snored stridently all night. The pub tables were awash with warm beer. Amid the general drabness of life, the landscape probably hadn't a chance to impress.

On receiving the third telephone call of complaint, however, I asked the caller why

he wanted to know why I didn't like the place. Came the dawn. He wanted my reasons, he said, because his company was anxious to find out why it has difficulty in attracting good staff to move home to work in the area.

Obviously they cannot all have the same reasons as mine, so I have tried to think out an answer. My only conclusion is that, by comparison with those in other regions, employers in holiday-type places tend to offer lower salaries, expecting potential recruits to look on the local amenities as part of the pay package. Naturally, strangers won't always do so, especially if they are accountants.

Which, I suppose, amounts to a comment on the salary levels of the first jobs this week.

RONALD MUMFORD, chairman and chief executive of Plymouth-based Western Motor Holdings, is looking for a financial controller who will be able to earn himself a seat on this public company's board.

The 1,200-employee group has subsidiaries in vehicle delivery and in warehousing and distribution whose operations cover the United Kingdom, and a third, motor-retailing subsidiary dealing mainly in Devon and Cornwall. The combined turnover is at present more than £12.5m.

The newcomer, who will report to Mr. Mumford and be a member of the top day-to-day management team, will have

charge of the total accounting function of the group and have responsibility, through their own respective accountants, for the financial control and accounting of the three subsidiaries.

At Plymouth the financial controller will have direct control of a small staff, some of them working in computer operations which the company plans to enrich soon with a more sophisticated installation.

Ronald Mumford (Drake House, Laire Bridge Road, Plymouth PL4 9LS—Tel. 88411) would like to hear from chartered accountants with experience of broad financial control in a similarly sized group or a head office controlling satellite operations. He also specifies familiarity with computer techniques and systems. The age range is a stretchable 35-45. Salary up to £6,000. Perks include car and contributory pension.

AS a result of an August move of head office from London and Liverpool to pleasant Cheltenham, the Kraft Foods group also is looking for accountants. The jobs are senior management auditor; production accountant; capital expenditure accountant; and financial accountant.

The task for the recruits will be to lead and control the particular functions whose ways of operating will be changed by the move, says Ian Bowers, the consultant who is helping the

U.S.-owned group with the appointments.

Candidates should be qualified by examination or/and experience for the work. No age specified. Salaries up to £4,500. Removal expenses and "normal large company benefits."

Applications to Dr. Bowers at Hoggett Bowers and Partners, Europa House, Queens Road, Bristol BS8 1AU—Telephone 312362.

BRISTOL is the base of the S. Carwardine company which is looking for a chief accountant, professionally qualified and with industrial experience, preferably in catering or food. Responsibility is for whole financial and especially management accounting function. Salary range £5,000-£6,000. Applicants should telephone Neville Oddy of Professional and Executive Recruitment on Bristol 299834.

PER'S head office (4-5 Grosvenor Place, London SW1X 7SB—Telephone 01-235 7030) has weighed in this week with an opening for an information services manager with U.S.-owned Nashua Copycat, whose business is in office copying equipment and supplies. The ideal would be a graduate of 35-plus with about seven years' data-processing experience, two years of it at senior level. The company, soon to move from London to Hounslow, is offering a salary of £5,000 to £6,000. Apply to Audrey MacKellar, extension 210.

APPOINTMENTS

Coalite & Chemical chief executive

Mr. C. E. Needham becomes annual meeting to be held in November. Mr. Needham is the managing director of COALITE and CHEMICAL PRODUCTS from tomorrow.

Mr. H. R. Sykes has been appointed assistant group managing director of the BATH AND PORTLAND GROUP and has resigned from the Board of all these companies.

Mr. John Reeve, formerly managing director of COSTAIN CONSTRUCTION, has been appointed chairman. Mr. Derek Anderson has been made managing director and divisional manager of the building division.

Mr. N. Piddington has been elected deputy chairman of the SOCIETY OF INVESTMENT ANALYSTS. He is expected to take office as chairman in succession to Mr. R. E. Artus at the next

NATIONAL BANKS as a general manager. Mr. Brian W. Davies has become managing director. Mr. Robert Platt a director, and Mr. G. Stork secretary of BARTOL PLASTICS, a member of the Hepworth Ceramic Holdings group.

Mr. A. H. Angus and Mr. G. Balfour have been elected chairman and deputy chairman, respectively, of the COMPANY AND LLOYD'S ADJUSTERS OF CLAIMS for 1975-76.

Mr. Paul Seymour has been appointed secretary of TARGET LIFE ASSURANCE COMPANY. Mr. A. S. Clarke has retired as secretary but remains on the Board.

Mr. W. T. Robinson has joined MIDLAND AND INTER-

ing changes in the Boards of its subsidiaries. Thomas Forman & Sons: Mr. A. G. Laffy, managing director, will be retiring on May 31, 1976. Mr. R. E. Hingworth to become managing director (designate) on November 1.

Mardon Hingworth: Mr. Hingworth relinquishes his position as managing director on October 31. Mr. G. R. J. Bead is appointed, with effect from August 1, managing director (designate), becoming managing director on November 1.

Celloglas: Mr. Bond relinquishes his post as managing director on July 31. Mr. R. G. Fox is appointed managing director from August 1. Mr. K. C. Mardon becomes sales director from August 1.

Duffin Containers: Mr. E. G. Duffin has retired as managing director and is succeeded by Mr. R. W. Freeman from tomorrow.

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All of these securities having been sold, this advertisement appears as a matter of record only.

\$200,000,000

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June, 1975

BANKING APPOINTMENTS

BANKERS—HOW GOOD ARE YOU?

As you are probably aware we are one of the leading banking recruitment specialists and this week we would like to hear from several really good bankers (male & female) as we have clients, both Merchant and International banks, who are seeking first-class staff. Immediate vacancies include: Head of Doc Credits (£5,000 p.a.), No. 2 Dealer (£5,000), Bank Auditor (£4,000 p.a.), F.X. Assistant (£3,500 p.a.), but basically we are interested in all those in the salary range of £2,000 to £5,000 p.a.

Indications are that many of our clients will be requiring additional staff during the next few months so an early application to us will ensure that you will be able to attend interviews with banks as soon as an appropriate appointment arises.

Why not have a confidential chat with

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The personnel consultancy dealing exclusively with the banking profession

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AUDITOR to £5000. An opportunity has arisen for a qualified banker, aged about 30, to join the audit team of a major international bank. He should have all-round experience in bank operations including auditing. Fluency in German will be a great advantage. Prospects for further career development are excellent for a candidate who can make a positive contribution. Please refer to Leslie Squares, CREDIT ANALYSIS & £5,000. An established merchant bank requires a mature analyst with sound experience of assessing balance sheets. The position carries assistant manager status and involves the supervision of junior analysts. Please refer to John Byrne (Director).

Jonathan Wren & Co. Ltd., 15 Fish Street Hill, London, EC3R 6BP

Telephone: 01-423 5051

APPOINTMENTS

ALSO

APPEAR

TO-DAY ON

PAGE 6

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Special offer of postcards, in black, available in lots of 50 only. Value £1.50. Sale price 95p.

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Post and packing outside our van delivery area 50p extra. 35p post. cards and visiting cards. Samples of these offers will be sent on request. HARRODS LTD., (Incorporated 440, Knightsbridge, London SW1X 7XL.

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The successful applicant will be between 30 and 35 years old with a strong background in financial analysis and experience in Euro-currency lending. He should have a good command of English and French and possibly another language.

Good salary and fringe benefits. Please reply to

Box A.5110, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANY NOTICES

TANGANYIKA CONCESSIONS LIMITED

NOTICE TO HOLDERS OF ORDINARY STOCK

NOTICE IS HEREBY GIVEN that a final dividend of 5% on the rate of 7.50 per cent of Ordinary Stock for the year ended 31st December, 1974, will be paid on or after 15th July, 1975, to the stockholders registered in the books of the Company on 23rd June 1975, and to holders for the time being of Stock Warrants to bearer, as indicated below.

Holders of Stock Warrants to Bearer must arrange for an Authorised Depository to deposit Coupon No. 55 thereon at the Office of the Company's Paying Agent:

Tanganyika Holdings Limited, 1 John Street, London WC1N 2ES.

or to deposit the Coupons in BRUSSELS at:

Société Générale de Banque, 3 Montanaparc, Banque Lambert, 24 Avenue Maréchal, or in PARIS at:

Credit du Nord et Union Parisienne, 6 & 8 Boulevard Haussmann, or in LONDON at:

Messrs. Lazard Frères & Co., 5 Rue Filles-du-Calvaire, or in SWITZERLAND at:

Swiss Bank Corporation, Cornmarket, Bâle, and all its Swiss offices, or in LUXEMBOURG at:

Banque Générale de Luxembourg, 14 Rue Adolphe, or in BRUSSELS at:

Banque Lambert-Luxembourg, 14 Boulevard Grande-Duchesse, 1. Charlotte.

Coupons presented for payment in Brussels, Paris, Switzerland or Luxembourg will require to be accompanied by declarations to the effect that they have neither been received from nor are the property of residents in the United Kingdom.

Union Kingdom Income Tax at the rate of 25% will be deducted:

(a) Where holders' registered addresses are situated in Great Britain or Northern Ireland.

(b) Where other holders on the Principal Register have appointed Agents in Great Britain or Northern Ireland for the receipt of Dividends for their Account.

(c) From payments made in respect of coupons presented in London, unless such coupons are accompanied by Inland Revenue declarations.

By Order of the Board, BANAHAMAS INTERNATIONAL TRUST COMPANY LIMITED.

Dated the 30th day of June, 1975. P.O. Box N. 7765, NASSAU, Bahamas.

GUAYACIL & QUITO RAILWAY

5 PER CENT FIRST MORTGAGE

ASSURED BONDS

GUARANTY GOLD COINDEPOSITS

ASSURED BONDS

Williams & Glyn's Bank Limited hereby certifies that the service made will be received by the holders of the bonds in the interest due on the 2nd July, 1975.

Guayacil & Quito Railway Bonds, 1975-80, per \$100 bond Ecuador Condors \$225 per \$100 bond.

Holders of Guayacil & Quito Railway Bonds will receive the sterling equivalent of U.S. Dollars but if so requested payments may be made in U.S. Dollars in Authorized Depositories, in the case of persons resident outside the Scheduled Territories, subject to compliance with any necessary formalities for securing payment in dollars.

Tax at the standard rate will be deducted from interest payable whether paid in U.S. Dollars or in sterling.

Logements Forms may be obtained from Williams & Glyn's Bank Limited and the Coupons may be lodged for payment at 11 a.m. and 2 p.m.

5-10 Great Tower Street, London, EC3R 8DL.

THE TOR INVESTMENT TRUST LIMITED

NOTICE IS HEREBY GIVEN that the

Register of the Beneficiaries of the Trust will be CLOSED from 12th to 27th July inclusive by Order of the Board.

J. TODD, Secretary.

CASSA PER IL MEZZOGIORNO

6½% Guaranteed Bonds 1984

S. G. WARBURG & CO. LTD. announce that the fourth installment of bonds for a nominal value of U.S. \$1,875,000 have been purchased for redemption on 1st July 1975.

20, Graham Street, London EC2P 4BQ, 30th June, 1975.

By Order of the Board, F. MACLEAN, Secretary.

Reistered Office, Bridge Hall Mills, Bury, Lancs.

ORDINARY SHARES

The final dividend in respect of the year ended 31st March, 1975 of 2.35p per share on the issued share of the Company is payable on 7th August 1975 to shareholders on the registers as at 11th July, 1975.

By Order of the Board, F. MACLEAN, Secretary.

Reistered Office, Bridge Hall Mills, Bury, Lancs.

International Banking

A major international bank is seeking an Assistant Representative for its Madrid office. The successful candidate will be a Spanish national with a good command of English and significant experience in one or more Spanish banks. Ideally, he will be between the ages of 28 and 33.

The Peseta salary and fringe benefits will be commensurate with his background and experience. Please reply in confidence to:—

Dr. R. Ottke, Boyden Associates Inc., Iberia Mart II, Orense 34, Madrid 20, Spain.

including your Curriculum Vitae.

FOREIGN EXCHANGE POSITION CLERK

A major U.S. bank, well established in London, requires a young banker to join its dealing room.

Ideally in his early twenties, the successful candidate will have passed the A.I.B. Part I or equivalent. After an appropriate period as a position clerk, he will eventually be given the opportunity to train as a dealer.

He should therefore be a self-starter, enthusiastic and able to work under pressure. Genuine interest in the money markets is essential.

Salary will be competitive and in addition the bank provides attractive fringe benefits.

Please reply, giving brief career and personal details to:

Box A.5113, Financial Times, 10, Cannon Street, EC4P 4BY.

BANKING APPOINTMENTS APPEAR EVERY MONDAY

All of these securities having been sold, this announcement appears as a matter of record only.

New Issues / June, 1975

\$275,000,000

Province of Ontario (Canada)

Principal and interest payable in The City of New York in lawful money of the United States of America.

\$150,000,000 Thirty Year 9½% Debentures Due June 15, 2005

\$125,000,000 Seven Year 8.20% Notes Due June 15, 1982

Salomon Brothers

Wood Gundy Incorporated

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Merrill Lynch, Pierce, Fenner & Smith

A. E. Ames & Co.

Dominion Securities Harris & Partners Inc.

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Halsey, Stuart & Co. Inc.

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TENNIS

BY JOHN BARRETT

Wimbledon expects fine display by ladies

AS EXPECTED, Wimbledon '75 has proved to be a tasty vintage, combining the sweetness of young champions nearing maturity with the sharper flavour of some unexpected upsets. Throughout the first glorious week, the record crowds, with a seemingly unquenchable thirst for tennis, have taken deep draughts, to create from the very outset a heady atmosphere of spectacular happenings that shows no sign of diminishing.

When before at Wimbledon have the first and second seeded pairs in the men's doubles, as well as the top ladies' pair, all been defeated before the end of the first week? And when, if at all, has a past champion with serious pretensions to a second title been dismissed in his opening match by a novice with a mere four games to his credit as the American, Stan Smith, was on Tuesday by the 22-year-old South African Byron Bertram?

'The vicar'

Some impressive performances on Saturday brought both angles events neatly to the quarter-final stage, with the four-set defeat of the 40-year-old second seed, Ken Rosewall, by another Australian 10 years his junior, the 16th seed, Tony Roche, as the only result to upset the form book.

To-day the ladies hold the centre of the stage, and the only match which I can forecast with any confidence involves the champion, Chris Evert, against the powerful Dutch girl, Betty Stove, who has won most of the world's doubles titles with a variety of partners, but has had less success in singles.

On Saturday she beat the British part-timer, Winnie Wool-

dridge, not without difficulty, 6-3, 6-3. Miss Evert, though being made to work for her 6-2, 6-4 win against Lindsey Beaven, the young doctor of divinity from Middlesex known to her friends as "the vicar,"



VIRGINIA WADE:
A win full of character

was dauntingly accurate and powerful from the base-line when it mattered.

The survivor here will meet either Billie Jean King, the third seed, or last year's beaten finalist, Olga Morozova (U.S.S.R.) who is seeded seventh. The fact that the Russian girl won at the same stage last year against Mrs. King is irrelevant, for the American looks altogether sharper and more purposeful than she did

then. I fancy Mrs. King will gain revenge and move nearer to a possible sixth Wimbledon singles title, for if anyone here is to beat the redoubtable Miss Evert, then she is the one with the power, the confidence and experience to do it.

The sixth seed is Virginia Wade, who answered most of my doubts on Saturday with a fine 6-4, 4-6, 6-4 win, full of character, against Rosemary Casals (U.S.). If only she could always play like this. To-day she will need to continue the momentum she has created if she is to bring down the fourth seed, Mrs. Evonne Cawley, the champion here in 1971. It is at this stage that Miss Wade has three times faltered before.

Thrashing

The match between a marvelously restored Margaret Court (Australia), who is a three-time champion here and the fifth seed this time, and the young second seed from Czechoslovakia, Martina Navratilova, is an intriguing one. Last January in the Australian Open, when Mrs. Court was resuming activity after the arrival of her second child, the Czech girl won 6-4, 6-4. On Saturday, both played magnificently—Miss Navratilova thrashing the best of the young Russians, Natasha Chmyrlova, 6-1, 6-0, and Mrs. Court defeating our own Glynis Coles, 6-2, 6-2.

Later, the English girl joined fellow Wightman Cup player, Sue Barker, to win 6-4 the deciding set against the holders and top doubles seeds, Mrs. Cawley and Peggy Michel (U.S.) to prove that the two match points they had squandered late on Friday night had been no fluke.

Wilson opens 1975 Royal Show to-day

BY JOHN CHERRINGTON, AGRICULTURAL CORRESPONDENT

THE 1975 Royal Show will be opened this morning by Mr. Harold Wilson, the Prime Minister, at the National Agricultural Centre at Stoneleigh near Kenilworth. It will close on Thursday evening.

The Royal Agricultural Society of England, which organises the event, claims record entries of cattle. Provided there are no outbreaks of disease, pigs will be present for the first time for a couple of years.

International representation will be particularly strong this year, with Australia and Kenya sponsoring pavilions to match those from EEC members Holland, Germany, France and Eire, all of whom were represented last year.

Because of disease restrictions, there can be no competing livestock from the Continent. But animals already in this country can be relied upon to present a picture of the formid-

able competition that could be provided if ever the disease problem could be overcome and a complete free trade in livestock allowed.

Some 23 per cent of all trade stands are mounted by foreign exhibitors—about three times the number last year. Countries exhibiting products range from Chile to the USSR. A food hall to be opened by the Minister of Agriculture will give visitors the opportunity of comparing the produce of this and other countries.

The show is opening at a time when there is considerable concern among farmers and some of this will possibly surface while Mr. Wilson is opening or visiting the show. Egg producers are reported to have threatened to demonstrate against the import of French eggs unless they can be assured that they will cease. Mr. Peart, the Minister of Agriculture, has now approached Brussels on this matter.

Commons debate broadcast live

BBC RADIO will broadcast live the House of Commons debate on the Third Reading of the Industry Bill Thursday evening on Radio 3.

This will be the first full-scale debate carried nationally on BBC radio during the four-week experiment in Parliamentary broadcasting, although Scotland, Wales and Northern Ireland have all transmitted debates of special relevance to those areas. Thursday's debate is the final stage of the Bill's progress through the Commons before it is passed to the House of Lords for consideration there.

BSC WASTE HEAT STUDY

A study into whether waste heat from steelworks could be used as a source of district heating has been commissioned by the British Steel Corporation. It will be carried out by a consortium headed by civil engineering contractor L. G. Mouchel and Partners, and will be part of a BSC energy conservation programme.

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They are available for a limitless variety of duties, whether it is shipping the hardware for an industrial complex or a load of containerized incidentals.

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Japan Line's financial summary for the six months ended 31st March, 1975		(in thousands of U.S. Dollars)	
Assets:		Liabilities:	
Current Assets	388,979	Current Liabilities	233,340
Fixed Assets	434,724	Non-Current Liabilities	400,030
Tangible	2,159	Reserve	151,258
Investment	62,541	Shareholders' Equity	103,776
Total	888,403	Total	888,403



Japan Line

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Facts and figures from Stuttgart

Closely linked with the economy of Baden-Württemberg is the universal bank and central bank for the "Sparkassen" (regional universal banks) in Württemberg, the

Württembergische Landeskommunalbank Girozentrale

Württembergische
Landeskommunalbank
Girozentrale

P.O. Box 284
D-7000 Stuttgart 1
Telephone (0711) 2049-1
Telex 722702

Summary of our Annual Report	1974	1973
	DM million	DM million
Balance Sheet total	13,610	10,342
Consolidated Balance Sheet total	16,782	13,159
Total Deposits	7,731	5,591
Bonds Issued	5,298	4,327
Due from Banks and from Customers	11,384	9,101
Capital and Reserves (1.1.1975: 241.8 DM million)	194	190

As one of the big banks in southern Germany, it is an efficient partner with world-wide connections. The Bank holds the guarantee of its shareholders, the "Sparkassen" in Württemberg.

In 1974, the Bank reacted flexibly to the cyclical downturn and achieved a considerable business expansion. Thanks to the clearly improved operating results, the reserves of the Bank were further strengthened. After the increase of the ordinary capital by 40 millions DM in January 1975 and the allocation of 10.2 millions DM to reserves, the Bank's capital and reserves amount to 241.8 millions DM.

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[illegible]

U.K. Minister in Salisbury 'to listen to views'

BY TONY HAWKINS

IN TALKS aimed at securing agreement on a venue and date for a Rhodesian constitutional conference, the British Minister of State at the Foreign Office, Mr. David Ennals, today met both Rhodesian Prime Minister Ian Smith and a five-man delegation from the African National Council (ANC).

After arriving in Salisbury this morning, Mr. Ennals spent 90 minutes in talks with Mr. Smith at the Prime Minister's residence. Mr. Ennals is due to see Mr. Smith again to-morrow afternoon before flying back to London to-morrow night, also meet Mr. Pat Bashford, leader of the multiracial Central Party, and a delegation from the moderate opposition Rhodesia Party.

On his arrival at Salisbury airport this morning, Mr. Ennals was met by the Rhodesian Minister of Foreign Affairs and

Defence, Mr. Pieter van der Byl. The British Minister stressed that he had not come to participate in any "substantive" negotiations nor did he want to go back over the past.

Mr. Ennals will be to discuss how matters can be moved forward in a constructive way and how Britain can help in the achievement of a solution which will provide a secure future for all Rhodesians—Africans, Europeans, Coloureds and Asians.

Mr. Ennals said his main task in Rhodesia would be to listen to the views which he could then take back to the British Government. He described his week-end talks with the South African Prime Minister, Mr. John Vorster, and Foreign Minister, Dr. H. J. Muller, as "very full and useful".

Smith also held talks with Mr. Vorster at the weekend, after flying to Pretoria on Saturday

morning to watch the Rugby international between France and South Africa. He was accompanied by some of his Ministers and stayed with Mr. Vorster at his official residence where the two men discussed further moves in the Rhodesian settlement situation.

This evening, Mr. Ennals was meeting an ANC delegation led by its President, Bishop Abel Muzorewa, but also including Mr. Joshua Nkomo, the veteran nationalist leader.

The ANC delegation spent 105 minutes with Mr. Ennals and said that they would see him again before he left for London though neither side gave any details of the talks.

Mr. Nkomo's presence in the five-man delegation has helped to still some of the speculation that he is on the brink of breaking from the ANC and forming his own party.

This speculation gathered

momentum on Saturday after reports in the British and South African Press—inspired by Mr. Nkomo's Zanu rivals, according to his Zanu followers—that Mr. Nkomo was about to enter into a "sell-out" deal with Mr. Smith.

It also followed a television interview last week in which Mr. Smith while claiming that he did not want to see a split in the ANC, described Mr. Nkomo favourably as a man "with the qualities of leadership".

On Saturday afternoon, six members of the ANC met Bishop Muzorewa amid speculation that they were preparing to expel the Zanu leader.

Mr. Nkomo is scheduled to hold a new conference here to-morrow at which he will denounce those responsible for spreading rumours and will also state that, until there is a parting of the ANC, no one is in any position to suspend or expel him.

SALISBURY, June 29.

Heath ready to heal rift with Thatcher

By John Bourne, Lobby Editor

MR. EDWARD HEATH is now in a mood to heal the breach with Mrs. Margaret Thatcher, the Tory leader, which culminated in the recent dispute over whether or not she had specifically offered him a post in her "shadow" Cabinet last February.

One of those close to Mr. Heath said yesterday that he would "not necessarily" be opposed to serving under her now, if she were to offer him a suitable post when she made any "shadow" Cabinet changes.

It was pointed out that in February, Mr. Heath had believed it would be wrong, and also unfair to Mrs. Thatcher, to take such a post because she had supporters then had views on policy which differed strongly from those held by him.

At the moment, however, it is claimed Mr. Heath thinks the extreme views in the "shadow" Cabinet on the need for a free market economy have been slightly watered down. Also he is said to believe that Mrs. Thatcher's team will need to be strengthened at some stage.

In the "shadow" Cabinet itself, some of Mr. Heath's old supporters would be surprised either if Mrs. Thatcher decided on a reshuffle soon, or if she did, whether the extreme policy views would have been altered enough by then for Mr. Heath to accept a post.

They maintain that the free market philosophy to which Mr. Heath objects is being pressed not only by Sir Keith Joseph but also by Sir Geoffrey Howe, QC, and that these views may in discussions this week push the moderates further than Mr. Heath or they wish.

Mr. Heath is a member of the "shadow" Cabinet, Lord Hailsham, former Conservative Lord Chancellor, yesterday made a gesture to try to heal the divisions between Mrs. Thatcher and Mr. Heath.

Writing in the Sunday Express, he said that the credit for last Thursday's Tory by-election victory at West Wootton, which almost equally between Mr. Heath and Mrs. Thatcher.

Support In a passage clearly aimed at Sir Keith's free market views, Lord Hailsham said he hoped the Party would not give too many pledges to fortune by adopting unbending ideological positions.

"The real divide in politics at the moment is between those who believe in a mixed economy and those who do not. The Conservative Party must cater for those who do, and, if it produces a kind of proposal designed to deal with the present crisis, it will need, in order to carry them through, the tacit support of very many people who may even have voted on party lines for Liberal and Labour candidates at the last election."

"Mrs. Thatcher's task is to convince the public, not that she holds views of non-descript character, but that her Government, when it comes, will be impartially concerned that it will put national necessities first, and not force ideological conceptions down the throats of unwilling minorities."

FAR EAST SUEZ SURCHARGE CUT From Monday, member-lines of the Far Eastern Freight Conference are to reduce the Suez surcharge from 7.5 per cent. to 5 per cent. and the bunker adjustment factor also will be cut from 2.22 per cent. to 2.00 per cent. because of the ability of vessels to use the reopened Canal.

THE LEX COLUMN

Making a stand at Coats

British Leyland crumbled and the institutions—publicly, at least—said nothing. But Mrs. Thatcher, who has been in the recent dispute over whether or not she had specifically offered him a post in her "shadow" Cabinet last February.

One of those close to Mr. Heath said yesterday that he would "not necessarily" be opposed to serving under her now, if she were to offer him a suitable post when she made any "shadow" Cabinet changes.

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Winners and losers

In spite of the loss of confidence this month the stock market has displayed what must be easily a record performance in a calendar half-year. Since January 2 the All-Share Index has rallied by 111 per cent.

Thanks to Datastream International it is possible to reveal what this overall strength has meant for the performance of individual shares, as many as 16 high flyers have managed to treble or better, while on the other hand quite a number of medium and large companies (with a minimum £5m. capitalisation) have risen by less than a quarter—with two showing losses.

The lists reveal some fairly clear patterns. To start with, the leader table is liberally sprinkled with representatives of the classic early bull market recovery sectors, notably building materials and merchant banks. Normally a list of laggards is less easily categorised, but in this case the pressures on whisky distillers and the property sector come over very clearly, while holders of a number of shipping shares have been paying for the comparatively smooth run they enjoyed last year.

Among the winners, the general easing of liquidity pressures, and the partial acceptance by the market of high gearing, is a common thread in many cases—though has risen 163 per cent. in there is no particular message period.

As for the laggards, the profits and liquidity squeeze whisky has put three shares in the list, and the drinks sector has also contributed. Sandania, a victim of Portuguese turnover, rises in the U.K. property representative, actively well in 1974—AIP, a bid hope at the start of the year. Otherwise there are nationalisation stocks, Hunter and LOFSI, the depressed metals and modities groups, and the batch of hard luck and management stories.

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about rights issues, for the leaders score only three against the laggards' two on this count. And the absence of any of more delicately placed property shares from the top 20 is a reminder that the problems of the property sector have not been more dovetailed than those of manufacturing industry.

The three food manufacturers in the list of winners are something to prize, as well as the relaxation of some of the liquor worries (tailed by rights issues) for the two biggest companies. The insurance brokers can do high overseas earnings, and the hounded back sharply now to low yields are not the point they were in 1974. As Thomson, the North Sea, has become a glamour area, though only Cawoods among the rest of the list has gained any of a bonus from this change of sentiment.

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Food cost rises to record £3.46 per person

Financial Times Reporter

THE WEEKLY food bill for the average family in Britain rose to a record £3.46 per person in the first three months of this year, a National Food Survey report published today by the Ministry of Agriculture shows.

The figures coincide with the latest Financial Times Grocery Prices Index, which shows that last week, the price of the FT "shopping basket" was 52 per cent. above the May level, and 30 per cent. up on a year ago. (Details Page 9.)

The Ministry of Agriculture survey shows a rise in the family food bill of 6.4 per cent. on the previous quarter and nearly 19 per cent. more than over the first quarter of 1974, when fuel and power restrictions probably affected expenditure.

Compared with the first quarter only five years ago, when expenditure was just over £2.02 per person a week, it rose by more than 71 per cent.

Food prices rose by an average 15.1 per cent. between the first quarter of 1974 and the same period this year. Spending on beef rose by more than 5p per person to almost 33p a week, on sugar by 4.35p to just under 9p, and on many other items by an additional one to two pence per person. The only reductions in prices or spending were on eggs, down 2p a person, pork (0.4p), and sausages (0.21p).

Pensioners The survey of a sample of nearly 2,000 households covers expenditure on all food bought for eating in the home, excluding sweets and soft drinks. Calculations of the average energy value and nutrient content show that in the main they compare favourably with recommended levels, although the energy value dipped about 5 per cent. below the recommended level, mainly as a result of a cut in sugar purchases.

Consumption of sweets and chocolates, snacks and alcohol would have provided a big but unrecorded boost to energy values.

The first three months of this year was the first full quarter when the 20p-a-week beef coupon scheme for pensioners was operating. In pensioner households, the average consumption of beef rose by nearly three ounces a week (largely offset by a decrease in lamb purchases) which on a national basis meant that pensioners helped to cut away over 10,000 tons of the surplus beef supplies that were overwhelming the market.

Following the success of the beef scheme for pensioners, it is likely to be considered again as a means of using up surplus quantities of beef that may come on to the market this autumn. Beef consumption generally reached the highest level for seven years during the quarter. Cheese consumption reached a record level of 3.9 ounces per person a week.

Derbyshire miners meet to-day to decide on claim

BY JOHN WYLES, LABOUR REPORTER

THE EXTENT of any challenge by the National Union of Mineworkers to current TUC initiatives against inflation, including the flat rate pay rise proposals, may well be determined by a crucial meeting to-day of leaders of 12,500 Derbyshire miners.

They will be deciding whether to support the motion demanding pay rises of up to 95 per cent. tabled for next week's annual NUM conference by Mr. Arthur Scargill, the militant Yorkshire area, if Derbyshire backs the motion, it is virtually certain to win a majority at the Scarborough conference because of pledges already given by other NUM areas.

The NUM would then be committed to demanding new minimum rates from November of 50p a week on the surface and £1.00 at the coalface compared with £41 and £51 fixed by last March's deal. With the Amalgamated Union of Engineering Workers already opposed to any exercise of pay

restraint through the social contract, such a claim from the NUM would strike at the very heart of the Government's hopes that the TUC will deliver an effective commitment to restrain wages.

It is for this reason that the Yorkshire motion is becoming the focus of Left-wing efforts to fight pay restraint. There will be intense lobbying among the 27 members of the NUM's national executive when they gather in Scarborough at the weekend in a bid to forestall any attempt by the Prime Minister to rally support behind the moderates when he addresses to conference on Monday.

In particular, Mr. Scargill and Mr. Mick McGahey, who is expected to be re-elected NUM vice-president next week will try to avoid a repetition of last year's conference, when a similar resolution was unexpectedly defeated because delegates from the Midlands coalfields ignored their mandate and backed the NUM moderates.

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